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# LEGISLATIVE ASSEMBLY DEBATES

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THURSDAY, 12th APRIL, 1934

Vol. IV—No. 10

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## OFFICIAL REPORT



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## LEGISLATIVE ASSEMBLY.

*Thursday, 12th April, 1934*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Sir Shanmukham Chetty) in the Chair.

### MEMBER SWORN

Mr Herbert Aubrey Metcalfe, C.S.I., C.I.E. M.V.O., M.L.A., (Foreign Secretary).

### ELECTION OF THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

**Mr. President** (The Honourable Sir Shanmukham Chetty): I have to inform the Assembly that the following Members have been elected to the Central Advisory Council for Railways:

- (1) Khan Sahib Shaikh Fazal Haq Piracha,
- (2) Mr. M. Maswood Ahmad,
- (3) Mr. Lalchand Navalrai,
- (4) Rai Bahadur Kunwar Raghubir Singh,
- (5) Rai Bahadur Sukhraj Roy, and
- (6) Lieut -Colonel Sir Henry Gidney.

### ELECTION OF MEMBERS TO THE COURT OF THE UNIVERSITY OF DELHI

**Mr. President** (The Honourable Sir Shanmukham Chetty). I have also to inform the Assembly that upto 12 Noon on Wednesday, the 11th April, 1934, the time fixed for receiving nominations for election to the Court of the University of Delhi, five nominations were received, out of which one candidate has since withdrawn.

As the number of candidates is equal to the number of vacancies, I declare the following to be duly elected:

- (1) Khan Bahadur H. M. Wilayatullah,
- (2) Pandit Satyendra Nath Sen,
- (3) Sirdar Harhans Singh Brar, and
- (4) Rai Bahadur Lala Brij Kishore.

### STATEMENTS LAID ON THE TABLE

**Mr. G. R. F. Tottenham** (Army Secretary): Sir, I lay on the table -

- (i) the information promised in reply to unstarred question No. 72 asked by Khan Bahadur Haji Wajihuddin on the 19th February, 1934; and
- (ii) the information promised in reply to unstarred question No. 287 asked by Mr. S. G. Jog on the 3rd April, 1934.



### WATER-WORKS FOR THE SUPPLY OF WATER TO THE CIVIL POPULATION OF AMBALA.

72. (a) Yes.

(b) Yes.

(c) No. The expected yield is 18,000 gallon per hour and Government have no reason to suppose that the wells will fail to maintain this output.

(d) The Cantonment Authority proposed to sink one or two more additional wells as a standby although not officially advised to do so. An application for a special grant-in-aid has been submitted to the Northern Command.

(e) The application has not yet been forwarded to the Government of India. In view of the present financial stringency, the Northern Command did not feel justified in forwarding it to Government but have asked the Cantonment Authority to consider whether the expenditure cannot be met from their existing resources.

(f) The urgency and importance are not obvious.

(g) No. There is a shortage of water at Ambala. The existing water supply depends upon surface wells which are deteriorating rapidly. The military authorities are also sinking deep tube wells in the cantonment and if these succeed, the existing source of supply will probably be abandoned completely.

(h) Does not arise.

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### DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

287. (a) No. Government have laid down no hard and fast principle for the disposal of such cases. Each case is considered on its merits with due regard, amongst other things, to the orders issued on the recommendations of the War Pensions Committee. In cases, such as those referred to Government would not decide that the disability was not attributable without examining all the circumstances.

(b), (c) and (d). Do not arise.

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**Mr. P. R. Rau** (Financial Commissioner, Railways): Sir I lay on the table:

- (i) the information promised in reply to unstarred question No. 192 asked by Mr. S. C. Mitra on the 21st November, 1933;
- (ii) the information promised in reply to parts (c) and (e) to (h) of starred question No. 1000 and starred question No. 1183 asked by Mr. Lalchand Navalrai on the 18th September 1933, and 27th November, 1933, respectively;
- (iii) the information promised in reply to parts (d) and (f) of starred question No. 1184 asked by Mr. Lalchand Navalrai on the 28th November 1933;
- (iv) the information promised in reply to parts (b) and (c) of starred question No. 1185 asked by Mr. Lalchand Navalrai on the 28th November, 1933;
- (v) the information promised in reply to starred questions Nos. 38, 42 and 43 asked by Pandit Satyendra Nath Sen on the 30th January, 1934;
- (vi) the information promised in reply to starred question No. 112 asked by Pandit Satyendra Nath Sen on the 13th February, 1934;
- (vii) the information promised in reply to starred question No. 135 asked by Mr. M. Maswood Ahmad on the 16th February, 1934; and
- (viii) the information promised in reply to starred question No. 242 asked by Lt.-Colonel Sir Henry Gidney on the 24th February, 1934.

### EMPLOYMENT OF COOLIES FOR CARRYING THE BOXES OF EUROPEAN AND ANGLO-INDIAN DRIVERS ON THE EAST INDIAN RAILWAY.

192. The Agent, East Indian Railway reports that box coolies are provided at other than a driver's home station for the carriage of boxes of drivers in Grades I and II irrespective of their nationality and that box coolies are not provided for drivers in Grade III and IV.

### DUTIES OF THE DIVISIONAL PERSONNEL OFFICERS ON THE NORTH WESTERN RAILWAY.

\*1000. (c) The Agent, North Western Railway reports that the Divisional Personnel Officer deals with all personnel work of all the branches of the outdoor staff in the division, other than punishment and commendations, excepting those relating to his branch of the work, the appointment and payment of temporary Engineering labour. He is responsible for the efficient working of all branches of the divisional office, except the Accounts Branch, for which the divisional accounts officer is responsible. He has executive charge of the divisional office staff, including the drawing office, for routine and ordinary establishment work, but has no executive authority over the outdoor staff. He is responsible that all service registers are correctly posted up to date, that all information necessary for making out pay, mileage and overtime bills reaches the Accounts Branch punctually, that grade promotions are given in due course after approval by the executive officer concerned, that seniority and selection lists for class promotions are kept up to date that leave registers are correctly kept and that leave is given promptly and in correct order and which he may arrange without reference to the executive officers concerned, unless the latter specially wish him to consult them in the case of any particular class of employees. All passes are issued by him. He keeps the office imprest accounts and cash.

(e), (f), (g) and (h). *The Agent reports as follows :*

In a printed memorial bearing date 23rd January, 1933, certain clerks of the Divisional Office, Karachi, made representation against their supersession by orders passed by the Divisional Personnel Officer in exercise of his executive powers in connection with office staff.

The Divisional Superintendent Karachi found a bundle of those memorials in an envelope which had been thrown on the verandah of his bungalow by some unknown person. He recorded the following orders :

"Your representation not having been submitted in accordance with the authorized method is returned for the following reasons :

- (1) It has not been sent through the proper channel.
- (2) It does not show whether the representation was first submitted and turned down by the immediate authority concerned, before representation was made to the Divisional Superintendent.
- (3) The representation instead of being delivered at the office was delivered at Divisional Superintendent's bungalow.

The recognised proper channel of appeal is through the officer against whose orders appeal is being made and not to a superior officer direct. No representation has been made through the proper channel and no action is called for."

### DUTIES OF THE DIVISIONAL PERSONNEL OFFICERS ON THE NORTH WESTERN RAILWAY.

\*1183. (a) and (c). Official enquiries were made. Reference is invited to the replies to parts (c) and (e) to (h) to question No. 1000.

(h) The Divisional Superintendent Karachi, has not delegated to the Divisional Personnel Office, any powers beyond those referred to in part (c) of question No. 1000.

### INSTRUCTION GIVEN BY THE RAILWAY BOARD *RE* PROMOTION OF CERTAIN RAILWAY OFFICERS.

\*1184. (d) Messrs. Bhagat Singh, Bhagwan and Madhavdas were Markers Officiating as Train Clerks when due to retrenchment they ceased to officiate and reverted to their substantive posts as Markers. They are again being employed as Trains Clerks.

Messrs. Doulatram, Thanuram and Nebhraj had officiated as Tally Clerks for short periods and not as Trains Clerks and were reverted to their substantive posts as Markers when no longer required to officiate as Tally Clerks.

Mr. Bhagwandas Dunichand has not been promoted as Trains Clerk. Owing to temporary shortage of staff due to sickness and drafting of Trains Clerks in connection with the Nankana Sahib Fair, Mr. Bhagwandas was required to assist Train Clerks in the Karachi Port Area but the period was less than 21 days and he continued to draw his pay as Marker while so employed.

(f) To fill temporary vacancies which it was anticipated would be of short duration only, Mr. Bhagwandas and some others were appointed as Markers and Mr. Mohd. Khan, Shunting Porter, was appointed to officiate as Marker in order to avoid the unnecessary disturbance of moving the demoted Markers who, with one exception, were during their period of demotion being utilized in alternative employment in which their emoluments were not less than if they had continued as Markers without demotions. All demoted Markers have again become Markers.

### APPOINTMENTS THROUGH SELECTION BOARDS ON STATE RAILWAYS.

\*1185. The Agent, North Western Railway, reports as follows:

(b) Two Selection Boards have been held in the Karachi Division since 1931—one in December, 1932, to examine temporary clerks who had been employed in the office against Capital Works for some years, and who had not appeared before a Selection Board previously; this Selection Board was held to test their fitness for appointments in permanent vacancies in the future. Another Selection Board was held in August, 1933, to test the suitability of similar temporary tracers employed in the office against Capital Works for retention or otherwise.

The following temporary appointments have been made without a Selection Board:

2 works clerks taken on temporarily in place of men officiating against leave and temporary vacancies.

1 clerk employed against Capital Works absorbed temporarily against a temporary post created for the Commercial Intelligence Department.

2 clerks temporarily appointed against posts sanctioned for three months or till Job Analysis of the Karachi Division office was completed.

2 clerks temporarily appointed in February, 1934, against Capital Works on account of the closing of the financial year.

(c) Selection Boards are not compulsory for temporary appointments.

### STATUS OF THE HEAD MASTERS OF THE EAST INDIAN RAILWAY INDIAN HIGH SCHOOLS.

\*33. (d) Yes.

(e) The Agent, E. I. Railway, reports that in the matter of rent free quarters the teachers in the E. I. Railway Schools are treated like other railway employees. As regards charges for supply of electricity, they are also treated like other railway employees, exemptions being allowed in those cases in which such concessions were allowed in the past as a part of the conditions of their service. Free board is allowed in some cases, e.g. School staff at Oakgrove, the scale of pay in such cases being based accordingly.

### EXPENSES OF THE OAKGROVE SCHOOL.

\*42. (e) Government are informed that the East Indian Railway has now taken over entirely the financing and accounting of the Oakgrove School. As regards the other Indian Schools, the difference between the total cost and the fee income *plus* interest on endowment, so far as it cannot be met from School balances, is met from the revenue of the railway.

### RUNNING AT DEFICIT OF THE EAST INDIAN RAILWAY INDIAN HIGH SCHOOLS AT SAHIBGANJ AND JAMALPUR.

\*43. (a) The Agent, East Indian Railway, reports that these schools have been working at a loss temporarily, but the deficits are being met from the balances in hand of these schools at the end of the previous year.

(b) Yes.

(c) and (d). The Agent reports that as no funds were available at the time due to the sanctioned amount at the disposal of the Railway having been previously almost entirely allotted and additional grants being refused but the salaries of the teachers are being duly paid from the original grants given and from the balances in hand of the schools in question. Due consideration is being given to these schools at the time of allotting the grants for the next financial year.

(e) and (f). The discrimination appears to be due to the different methods of accounting employed. The question is under the consideration of Government.

(g) I am informed that increments to teachers were held in abeyance for some time, but this was not due to the refusal of the railway to increase the demand of the Jamalpur School, but to some internal trouble. The increments were held in abeyance till August, 1933, when they were paid with retrospective effect from the 1st April, 1933.

(h) The Agent reports that the entire extra cost of the revised scales of pay is given to each school in the form of an additional grant separately calculated, the whole of the additional amount being met from the revenue of the railway.

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### REFUSAL OF LEAVE ON TRANSFER TO THE CREW STAFF ON THE EASTERN BENGAL RAILWAY.

\*112. (a) I understand that there was a case in August, 1932, when joining time was refused.

(b) Yes, but the rules provide that the authority sanctioning the transfer may in special circumstances reduce the period of joining time admissible under this rule.

(c) Government do not see any reason to interfere in this matter.

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### NON-GRANT OF HILL ALLOWANCE TO THE TRAVELLING TICKET EXAMINERS POSTED AT HARDWAR.

\*135. (a) and (d). Government are informed that Ticket Collectors posted at Hardwar, either temporarily or permanently, are entitled to the allowance but not the Travelling Ticket Examiners, as the latter do not belong to the categories for which the allowance was originally sanctioned. There are other classes of staff who are similarly ineligible.

(b) Yes.

(c) Normally melas last only a few days. During the last Adh Kumb Mela, six Travelling Ticket Examiners were utilised for over a month.

(e) The reply is in the negative.

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### EMPLOYMENT IN THE WIRELESS SERVICE UNDER THE CONTROL AND ADMINIS- TRATION OF THE NORTH WESTERN RAILWAY.

\*242. (a) Yes.

(b) No.

(c) Members of all communities with the requisite qualifications are eligible.

[Mr. N. N. Anklesaria.]

in the world ever since the end of the Great War. It ought to have been known to these gentlemen who formed the Fiscal Commission that India was a predominantly agricultural country, and that it was in the primary interests of India that extended and assured markets should be obtained for her primary raw products, and, in consonance with the best possible economic opinion, the fiscal policy, which should have appealed to them in the interests of India, was the policy of discriminating free trade. But what do we find? Instead of the policy of discriminating free trade, which would have increased the foreign trade of India, they advocate the policy of discriminating protection which, by restricting imports into India, is bound to restrict the exports of her raw products. I should have thought it natural that protests would have been made by the Government of India against the recommendation of the Fiscal Commission, and to my very pleasant surprise, looking up the debates of 1924, I found Sir Charles Innes in so many words saying that discriminating protection, as understood by the Government, was the same as discriminating free trade. If that be the policy of the Government of India, I could have no complaint against it. But I should protest against discriminating protection being held synonymous with discriminating free trade, because the essence of free trade is to increase foreign trade, while the essence of protection is to restrict foreign trade. These are two absolutely opposite concepts, but it is possible that after the definite pronouncement of the Fiscal Commission, in accordance with their policy of conciliating to their side for political reasons the industrialists of India,—it is possible, I say, that the Government of India thought it fit to play with words without sacrificing principles. After the publication of the Fiscal Commission Report, the Government of India hesitated to make a pronouncement as regards this fiscal policy, and, as I maintain, they rightly hesitated. But, again, the industrialists came to the help of the Indian Government and a Resolution was moved in 1923 asking the Government of India to commit themselves to the policy of discriminating protection as laid down by the Fiscal Commission, and the policy was adopted with the mental reservation which I have mentioned as regards the pronouncement of Sir Charles Innes. After the passing of that Resolution recommending the Government of India to adopt the principle of discriminating protection, the industrialists of India, and especially the millowners of Bombay, started a vigorous propaganda for abolishing the cotton excise duty. If any form of taxation could be called legitimate and which could be pronounced as proper by all canons of economic reasoning, that taxation was the excise duty on cotton. But what do we find? Instead of pointing out to the millowners that the excise duty was a legitimate and just source of revenue against which they could not possibly complain, and instead of taking their stand on the fact that between the years 1915 and 1922 the millowners had reaped dividends to the extent of 40 or 50 crores, that is, 53 per cent. annual dividend, the Government of India hesitated and promised that when conditions improved they would remove the cotton excise. The agitation of the millowners continued, and in 1925 the Government of India, on the pretext of the mill strike in Bombay, abolished the excise duty which they themselves had pronounced was a just and legitimate measure of taxation against which the millowners could not possibly complain. Sir, after scoring this success over the consumer and the tax-payer, the millowners of India set about getting the Government of India to impose protective duties on cotton manufactures, and they agitated for the institution of

an enquiry as to the feasibility and propriety of imposing import duties on cotton manufactures being conducted by the Tariff Board. No sooner said by the millowners of Bombay than done by the Government of India! You find the representation of the millowners being made on the 19th May, 1926, and the Government of India obligingly appointed a Tariff Board on the 10th June, 1926, that is, in less than three weeks. The Tariff Board was also very expeditious. They signed their Report in January, 1927, and, on the 7th June, 1927, the sympathetic Government of India published a communiqué in which they pointed out apologetically how hollow was the case attempted to be made out by the millowners of India. They said that, so far as piecegoods were concerned, the existing revenue duty was more than sufficient to counterbalance the effects of foreign competition, and, as regards the protection of cotton yarn, they would not think of it, because, thereby, the interests of the handloom weaver would be injured. Sir, this communiqué was issued on the 7th June, 1927. Only two weeks after, my Honourable friend, Mr. Mody, called a conference of the millowners, and, in pursuance of the resolutions that were adopted in that conference, led a deputation of millowners to His Excellency the Viceroy, and, Sir, the Government of India only three weeks after they had pronounced that the millowners of Bombay had no case for protection and that the grant of protection would injure the handloom weavers of India, within three weeks of that, the Government of India, after they had discussed matters with Mr. Mody, went back on their decision and pronounced that imports of yarn deserved to be protected and the handloom weavers of India would not be harmed by the protection granted. If this does not show the fact that the millowners of India are having disproportionate attention from the Government of India nothing which I shall relate as a subsequent history of the activities of the millowners and the surrender of the Government of India to their extortionate claims will convince the House in the direction I would wish it to be convinced. The story has been related at great length in Mr. Hirendra Lal De's book on "Indian Tariff Problems", and, respecting your ruling and your desire, I would restrict myself to only recommending that book to Honourable Members who want further information as regards the ways and means by which the millowners in India have been able to get protection which they did not require and which they did not deserve.

The story from 1932 is too recent to necessitate my repetition of it. No doubt it will be contended that the Government have been acting on the considered Report of the Tariff Board which has carried on a careful and prolonged investigation of the case presented by the millowners for protection. I quite admit that. The Tariff Board has carried on a prolonged and careful investigation, but have the Government of India themselves respected the findings of that Tariff Board? I say, No. The Government of India themselves have turned down the recommendations of the Tariff Board in important particulars, and it will not lie in their mouth to say "you must respect the Tariff Board's report on which we ourselves do not rely". The Government of India, through the Honourable the Commerce Member have stated in almost so many words that as regards important recommendations of the Tariff Board in the circumstances that have happened the recommendations are out of date. They say that though they agree to the principle that the millowners should be protected, what kind and what degree of protection should be granted should be judged not by the statements contained in the Tariff Board's Report, but









reply to me in answer to my question—could not the cost of the cloth have been lowered considerably to the benefit of the consumers, especially in the bad times if these did not use it (even here)? If my friend will observe I still have written in the same case I would ask him how we could have been so much mistaken in our estimates. I have sent them they have altered themselves so as regard to give serious thought to the question. The effect of this might not possibly on their consideration of the matter. I am sure it will not be closed also not to be misled by the frequent appearance of the same.

[illegible]

Now when the Ottawa American Resolution was discussed on the floor of the House I gave my unqualified support to that Agreement in the confident hope that everything will be done by the British Government, who were parties to that Agreement to promote the interests of the cotton cultivators so far as it lay in their power to do so. My confident hope has been as prompted. As I said in my former speech the British Government in their deliberations at the Ottawa Conference have taken no material steps to implement the promise they gave there. Sir, what I am saying is not a criticism. It is only what the Ottawa Conference Report itself said that on behalf of their great pains to point out how far we are from the satisfaction whose demands, as now I feel that the representatives of India could not be immediately satisfied would be seriously considered in the present way by the British Government. I am not in any way to report that what was wanted in connection with the business of Indian cotton in Lancashire is the provision that the Government should in the case of American and Egyptian cotton will not be British Government allowed but practical steps were taken to meet the wants of Indian cotton by Lancashire they would wholeheartedly co-operate.

Since the other two Major Producers Ltd. and its former speech put the question to Mr. ... .. the Government of this day seem to have taken steps to encourage the steps mentioned by the Chamberlain millowners, so as to get the Government's assistance of financial aid. Mr. ... .. the British Government are helping other industries by virtual subsidies, per blank of us and said that the British Government were prepared to accede to the proposals made by the Lancashire millowners.

Sir, then as regards the effect of the Indo Japanese Agreement on the cotton growers in India I would refer this House to the recent reports in the papers that Italy was thinking of taking the same retaliatory measures as were taken by Japan not against the mill-owners of India, but unfortunately against the cotton growers of India.

[Mr. N. N. Anklesaria.]

Sir, I would ask my Honourable friends, representing the rural constituencies, not to be misled by the propaganda of politicians in and outside this House. The very unpleasant thing about protection is that, once it is granted, it creates vested interests and those vested interests attempt in every way possible by adopting every means, fair or foul, to see that the protection obtained by them is perpetuated. I need not retail the efforts of people interested in perpetuating protection which are being carried out both in and outside this House. This was the danger which was mentioned in so many words by the Fiscal Commission as a danger to which protection is open. They say that the danger which I have mentioned "will be obviated by the variety of the interests represented in the legislative bodies and the strength of the representation of the agricultural landed classes make it improbable that the industrial point of view would secure undue prominence". Sir, this unctious to their soul is not justified by what we have been witnessing in this House ever since the inauguration of this Assembly. There are at least 80 Members representing the rural constituencies in this House who, as I said, have pledged themselves to safeguard the interests of their constituents. I ask, how many divisions have these rural representatives won against the industrialists in this House? None. Sir, therefore, the danger visualised by the Fiscal Commission does exist, and I ask my Honourable friends, representing the rural constituencies, to take good account of it when they come to decide the question before the House. There is the danger not only from politicians in this House who actually are personally interested in the protection policy of the Government of India, but there is the danger of hired politicians outside who try to help in the propaganda in favour of the interests of the protectionists.

The other day, my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, stated in so many words that free trade was "dead as Queen Anne". Sir, a much greater man than Diwan Bahadur Ramaswami Mudaliar stated that protection was "dead and damned" and that was as far back as 1852. I am surprised that the Diwan Bahadur, who is generally so well-posted with his facts, should have made that statement when the Finance Member of the Government of India only a few days back tried to impress on this House the cost which the country has been paying on account of its policy of protection, and in spite of the way in which earnest-minded men, not in one or two countries, but throughout the world, were denouncing the doctrines of economic nationalism. Sir, this is one instance of how prejudice and interest clouds intellects. I am entitled to speak against the principle of the Bill, but I think the present moment is not opportune for me to dilate on the merits of discriminate free trade as against the merits of discriminate protection. But this much I must point out that the condition of things at which we have arrived is that depicted by Sir Eric Geddes in a book called "The Tariffs: The Case Examined" published in 1932. The remarks of Sir Eric Geddes are very apposite and entirely applicable to the mill industry of India. I regret very much that our Tariff Board did not pay any attention to what is stated in that book. It is said in that book—

"There may be natural scope for that industry, that is to say possibility of establishing it on a basis competitive with other countries, up to a limited extent, for special types of work or markets, in a few specially favoured localities, or under exceptionally able management. But high protection

over a period of years will not cause or allow it to be limited in that way. During the protective period the industry will be profitable beyond its natural scope, and will come to be established on an excessive scale; that is to say on a scale and in places where it cannot be maintained without protection. *Each industry within a country is not homogeneous, but of varying degrees of efficiency and rates of profit. At the end of the period those who cannot carry on without protection will fight for its continuance. They will argue, correctly, that a removal of protection will cause unemployment; they will be joined in their plea by those who could get on without protection, but can make larger profits or do larger business with protection and at least cannot lose by it.*"

Sir, the position of the mill industry is exactly as described in these remarks. The Tariff Board themselves admit that even in Bombay there are ten per cent. of efficient mills who can dispense with protection even now, and a far greater proportion of mills exist who can dispense with protection even today outside Bombay. Therefore, I think this fact proves to the hilt that granting of protection, while it will put more money into the pockets of mills which do not require protection, will tend to perpetuate the inefficient mills. Sir, the report of 1927 signed by Sir Frank Noyce offers some very instructive remarks in connection with the present topic. That report says:

"We are satisfied that no mill in India which could be regarded as run with fair efficiency and economy had up to the present been forced into liquidation as the result of depression. None of the mills which has so far gone into liquidation had the smallest chances of surviving except in boom conditions. A study of the evidence we received at Ahmedabad will be found instructive on this point. A long list of mills which had gone into liquidation in that and adjacent centres was placed before us, but in almost every case there was very definite evidence that the liquidation was the result of incompetence and inefficiency and, in some instances, of dishonesty."

Sir, in coming to a decision on this measure, let us guard ourselves against perpetuating "incompetency, inefficiency and dishonesty" on the part of people who seek protection at the cost of the consumer and the tax-payer. My motion in no way says that the mill industry, if it deserves protection, if it needs protection should not be protected. My motion simply says, give time for competent people to pronounce an opinion after due investigation, because due investigation has not taken place as the Report of the Select Committee itself will prove up to the hilt. Sir, it is a phenomenon rare, almost unparalleled, in the history of this Assembly that a Select Committee on a taxation Bill instead of lowering the taxation have enhanced taxation ranging between 33 per cent. and 21 per cent. Sir, I say this is sufficient for a case for circulation of this measure, in the interests of the tax-payer and the consumer, among people such as of district local boards, mufassal municipalities, who are all competent to pronounce an authoritative and reliable opinion on the question. Sir, I move:

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That the Bill, as reported by the Select Committee, be circulated for the purpose of eliciting opinion thereon by the 30th June, 1934."

The discussion will now take place both on the original motion and the amendment.

**Dr. Ziauddin Ahmad** (United Provinces Southern Division, Muhammadan Rural): Sir, the memorable speech of the Honourable the Commerce Member clearly showed that he was suffering from what I called the other day "intoxication of the fourth type" which I described during the discussion on the Reserve Bank Bill. This intoxication is due to having a majority of votes in his pocket. It makes a person deaf to the arguments of other persons. I expected, Sir, that on this occasion the Honourable the Commerce Member would lay before us the financial effect of his proposals and tell us what would be the effect on the revenues of the country if this Bill was accepted by the House.

Sir, we do not know whether the acceptance of this Bill would mean fresh taxation in future on some other commodity or whether it will lighten the burden of the country. We are left in the dark about the effect of the measure before us, on the revenues of the country. Sir, in no legislation, to my knowledge, has any taxation proposal been laid before the House without giving at least some indication that this Bill will yield so much additional income or it will yield no income whatsoever. Here, in this case, we are left entirely in the dark, we do not know what would be the effect on the revenues of the country, and, on this important question, the Honourable the Commerce Member has been silent, and I can ascribe no reason for his silence except the intoxication of the fourth type.

There is another point of complaint which we on this side of the House have to make, and, that is, unfortunately the Government of India could not make up their mind definitely about their taxation policy and about legislative proposals, and, as the Session advances, they go on thinking and adding Bills after Bills. It is really the duty of every Government, if it is an efficient Government, to make up their mind before the Assembly Session begins as to what legislative measures and what taxation proposals they would like to lay before the House, and, only in exceptional cases, other legislative measures could be brought forward. Here we see Bills after Bills being piled up, and we are left in the dark as to what would happen. The result is that such important measures as the present Bill are to be rushed through within three days, and this Textile Bill, as we all know, is one of the most important measures which this Assembly has been called upon to deal with; and yet we find that on account of want of time, due to the fact that the Government did not know their own mind, its discussion has been limited to these three days. Sir, the Non-Official Members have got to look after their private affairs, and I hope that in future Government will, at the commencement of the Session, lay before us what legislative proposals they want to lay before the House at that particular Session, and their taxation proposals should all be laid at one time, that is, on the 28th February, along with the speech of the Honourable the Finance Member. But this practice of presenting Bills after Bills and taxation after taxation at all times of the year would really upset the equilibrium, both political and commercial, of the country.

Sir, I do not like to embark on a discussion of the theory of protection. The country has accepted, the Legislature has accepted, and the Government have accepted the theory of protection. But the manner in which this measure is being carried out, of which this Textile Bill is a notable example, is really changing our minds, and we are now contemplating whether really this protection is for the good of the country, or whether it

is used by Government as only a weapon to destroy a class of persons. I don't want to quote from the reports of various Committees on the theory of protection. This theory was started by John Stuart Mill, and he said very clearly that we could support this protection provided it was really for a temporary period. He said clearly that we shall have to sacrifice the present advantage in order to ensure to itself the future ones. Therefore, this thing, should be guaranteed that the sacrifice that we are making will really result in something better in future and that all the loss would be compensated. The Fiscal Commission, in discussing the theory of protection, laid down three very important conditions which are mentioned in page 54 of their Report. I do not like to read them out in full, but the first condition is that the industry must be one possessing natural advantages; the second is that this industry must be one which, without the help of protection, either is not likely to develop at all or is not likely to develop so rapidly as it is desirable in the interests of the country; and, thirdly, the industry must be one which will eventually be able to face the world competition without protection and will be able to stand on its own legs. These are the three fundamental conditions, and, in granting any measure of protection, we should see that those conditions are all fulfilled. May I ask, on this occasion, how long we are going to feed our Indian mills? We had a Tariff Board Report in 1927; we had an inquiry by an individual officer; we also had a second Tariff Board Report; we had agreements after agreements; and we do not know when our mill industry will be able to stand on its own legs and how long spoon feeding would be necessary. Of course we on this side of the House have a right to ask how long, in the opinion of Government, these measures are going to continue. Is it for ever or is it only for a limited period? It may be given for a period of five or six or seven years, but they must say very definitely that, after that period, there will be no more protection. To go on repeating this after every interval of three or four years is neither fair to the millowners, nor to the consumers, nor to the tax-payers. Sir, the Tariff Board Report has omitted one very important thing which the Fiscal Commission emphasised that when you begin to compare the amount of protection, you must also find out the cost of production in other countries and compare that with the cost of production in our own country; and, by comparing their cost, you will be in a position to find out the amount of protection that is needed. And, along with this, they recommended one very important measure and that is that after the protection has been granted, it is the duty of the Tariff Board to watch the situation and to see how the protection is really effective. Since this textile industry is one of the most important industries in this country, I think it is very desirable that we should have practically a permanent Tariff Board to watch the situation and advise Government on each occasion.

Sir, before I come to the two agreements and to the proposals in these questions, into the details of which I am not going to enter, I should like to point out one very important fact, and that is that whenever we consider the increase of taxation or increase of the price level of any article, we should constantly keep in mind that India is an agricultural country, and any proposal, which overlooks the increase in the price level of agricultural products, is bound to lead to disaster and it will not be to the good of the country. The other day, I asked a question as to what steps the Government of India had taken or proposed to take to raise the price level of agricultural products, and, in reply, I was referred to the speech of the Honourable the Finance Member of the 27th February, paragraphs

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66 to 68. I read this very carefully, and I found that he has said that there is one thing on which all sides would agree and that is that the paramount need is to raise the level of prices of agricultural commodities. And then he said:

"What is really one of the main maladjustments today, namely, that the prices of primary agricultural products have fallen much more than the prices of the things which the Agricultural producer has to buy."

Sir, it is an established fact that the prices of agricultural products have gone down much lower than the prices of manufactured articles. The Honourable the Finance Member admits it, and here is the Trade Review of India, 1932-33, where you may find the price level of cotton and the price level of manufactured cotton, the price level of jute and the price level of manufactured jute; and there you find an enormous difference. The price level of raw cotton has gone down to 87, while the price level of the manufactured articles have gone up to 115. The price level of jute has gone down to 45 and the price level of manufactured jute only to 87. Therefore, the price level of these manufactured articles is much more than the price level of raw material. **And, therefore,** any step, which we now take further to increase the prices of manufactured articles and leaving the raw material in the position in which it is, is a step which will be disastrous to the country and will ultimately end up the industry itself. In this particular case, the Fiscal Commission on page 44 clearly said:

"Agriculture is and must remain the foundation of the economic life of India and this is merely because it furnishes the livelihood of three-quarters of the population. Indian industries cannot flourish without a prosperous Indian agriculture, and any form of protection which would seriously affect the interests of agriculture would go far to defeat its own object."

I have said repeatedly—and I repeat it once more—that any attempt to raise the price level of manufactured articles, without, at the same time, raising the price level of our raw products, will be a step which will be ruinous to the country and it will not ultimately do any good to the industries themselves, because the people will have no money to buy, and, therefore, the industry will not derive any advantage. In discussing the theory of taxation, there is one important factor which is very often neglected, and I think we should always keep it in mind: firstly, India is a very big country and is quite dissimilar to other countries elsewhere because, on account of our social relations and past traditions, every person has to maintain his relatives and friends who are unemployed and he supports them entirely. I do not know whether these figures are worked out, but I took the trouble to approach 100 persons and asked them what percentage of their income they spent in maintaining their relatives and friends; and the average was about 25 per cent., that is, every person on an average, spends about four annas in the rupee in maintaining his relatives and his friends who are unemployed. This, I call an *invisible tax* which exists in this country alone and in no other country. The unemployed in other countries are paid by the visible taxes which the Government collect from the people; here they are maintained by the invisible taxes which the people have imposed upon themselves. This is the first item we should remember. There is an additional factor, and that is the definite loss of income of people in this country. The loss of income of the agriculturists has been estimated at Rs. 500 crores per annum. I gave figures the other day about the loss of income of the tax-payers (six lakhs in number). Their

loss comes up to about Rs. 100 crores. Then, there is another class of persons who are neither agriculturists nor income-tax-payers, as their income is less than Rs. 1,000 a year. I could not get sufficient data for calculation, but I think the figure cannot be less than Rs. 200 crores. The net result is that Indian people have lost an annual income of about Rs. 800 crores. This loss of Rs. 800 crores, together with this invisible tax of four annas in the rupee, must necessarily aggravate the depression in this country. On account of all these things and the piling up of direct and indirect taxes levied by the Government of India and the Local Governments, the general condition of the people has been so much reduced that even an increase of one pice in the cost of an article will be felt by the people and they would rather go without it than spend a pice extra for its purchase, because they have got no pice extra to spend.

I come now to the Japanese Agreement. The first impression which I got at that time, before I could study it thoroughly, was that it was to the advantage of India. But, going into the matter rather minutely and studying it thoroughly, I find that this agreement is to the great disadvantage of the millowners of this country, and, to my friend, Mr. Mody. I do not know what impression he has formed, but I shall try to show him that this Agreement will do greater harm to the mill industry in India than any other measure that we could think of. The quota system is very good in boom-time but it is exceedingly injurious when we have got depression. If the demand is continually increasing, then this system is all right. But if the demand is continually diminishing, which is necessarily the case at present, this quota system will do a grave injustice to the home production. Here we have got a quota for Japan. Lancashire, to a large extent, exports finer counts piece goods and we do not compete with Lancashire; therefore, whenever there is any decrease in the consumption of piece goods on account of the loss of their income, where will it fall? It cannot fall on Japan, because she has got a quota. It cannot fall on Lancashire, because nobody competes with her finer goods. The depression will fall, to a large extent, upon the millowners, and, to a certain extent, upon the handloom weaver of this country. Therefore, instead of doing any good to the millowners, this particular quota system, at a time of depression will do great harm. Of course, the depression is likely to continue for three years. So long as this depression continues, it is sure and certain that by this quota system the persons who would suffer most are the millowners in the country.

The next thing is about cotton. Of course it appears on paper that Japan is going to purchase one million bales; but, if we look into the matter more carefully, we find that we have done a great injustice to the cotton growers in this country. We know that cotton can be taken to Japan from India only by the Japanese shippers, not by the Indian exporters, because they have got a monopoly of the shipping. The Indian shippers cannot carry the cotton to Japan; it must necessarily be carried on account of certain agreements of which the Honourable the Commerce Member is aware, only in Japanese ships. Suppose there is a merchant "A" who has purchased cotton at a very good price and he has settled with some firm in Japan that he will be willing to purchase at that price. The cotton is lying here; the manufacturer in Japan is waiting for it; but there is no shipment; there is no method by means of which it can be conveyed to Japan, because the Japanese shipper says "I can



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ship it, provided you sell it at a particular price to me otherwise I cannot do it". Practically, therefore, Japan will control the market. We have put our neck into the hands of the Japanese by this Agreement. Therefore, to have fixed a quota for Japan, without simultaneously considering the manner of shipment—which is practically a Japanese monopoly—would prove to be injurious to the interests of this country, and the prices in future will not be dictated by the Liverpool market, but by the Japanese, and I think there is no chance whatever for the price level of Indian cotton to rise, so long as this particular agreement in its present form continues.

Unfortunately, Sir, neither the Select Committee, nor the House, nor the Government have made any attempt to solve the real problems that we have before us in this connection. The first problem is how to defend the mills from the competition of the foreign mills. The second is how to protect our cottage industry from the competition of both; and the third problem is how to organise mill industry of this country. I was given to understand by some persons—though I have no authority which I can quote, but the point is one to be considered—that the strikes in Bombay were due to the external interested agencies. It is, therefore, desirable that we should go thoroughly into this matter and create such a situation in India that the mills here may work in unison and may help each other and be a source of strength, because, unless such an organisation is set up, unless we create healthy conditions in running these mills, no amount of protective duty will be doing them any good. After every three or four years, we will have to appoint the Tariff Board and increase the burden on the consumer.

Then, Sir, coming to the Lancashire Agreement, I think my friend, Mr. Mody, would have earned the praise of the country if he had shown that by this Agreement India also gained something. I notice that the advantages to Lancashire are very definite, and they can be translated into pounds, shillings and pence, but the advantages to our country are only of a hypothetical nature. We are only paying a price for the goodwill of Lancashire. This goodwill may be a good and sound political proposition, but certainly it is not a business proposition. We should translate this Agreement in terms of pound, shilling and pence, and not merely in terms of goodwill or badwill of this party or that party.

Sir, before I finish this topic, I should like to mention the manner in which the imports of piecegoods are getting diminished. Last year, in 1932-33,—I have got before me the Seaborne Trade for February, 1934, giving figures for 11 months, I add figures of one month, we then get figures for the whole year,—we find that last year our imports were 1,202 million yards. This will give a quota to Japan of about 31 per cent. This year the import has been reduced to 752 million yards; this is, the quota to Japan has increased this year from 31 per cent to 55 per cent, and I think, next year, that is, in 1934-35, we will find that this quota to Japan might increase to 66 per cent or even more. Therefore, by giving this quota to Japan, I do not know who are the people benefited in these days of depression. Certainly, the advantages to the millowners of Bombay are very doubtful, and it is also doubtful whether Lancashire will be benefited. It is injurious to every party concerned in times of depression when consumption is greatly falling on account of the fall in the income of the people of this country.

Sir, I should like to mention here that this Bill is the most important Bill that we are called upon to deliberate, and still the discussion both here and in the Select Committee has been of a very superficial character

**Mr. N. M. Joshi** (Nominated Non-Official). Except your speech I suppose.

**Dr. Ziauddin Ahmad**: Our colleagues at any rate expected that we would . . . .

**Mr. B. Das** (Orissa Division Non-Muhammadian). Do you call your Select Committee colleagues "superficial"?

**Dr. Ziauddin Ahmad**: Our colleagues at any rate expected that we would go through the figures and the proposals of the Government and satisfy ourselves that these proposals were correct and were justified by facts. This is what our colleagues expected from the members of the Select Committee, but, to our great misfortune, we were not supplied with any extra facts or additional material. Even the evidence taken by the Tariff Board Report in 1932 was not made available to the members of the Committee, nor was any fresh material placed before us to justify the action of the Government, and we are, after sitting in the Select Committee, as wiser today as we were before we went to the Select Committee. When we wanted to know what reasons Government had in favour of the proposals that are now down in the Bill, the only answer we received was that all the proposals were in the Tariff Board Report. Therefore, if this is the whole reply, then I do not see any reason why a Select Committee should have been appointed at all. The Bill could have been merely circulated and public opinion elicited on it, which would have provided enough material for our colleagues in this House. The usual practice in this House had always been for Government to fix the rate after considering every side of the question, and the Select Committee and the Members of the House had to consider whether the rate of taxes was not too high, because, in that case, they could take into account the consumer's point of view, which point of view the Government often ignored.

Now, the position is this. The Government of India have a proposal by which the rates could be diminished by the Legislature, but they could not be increased, because there is a possibility that the consumer's point of view has been ignored, and it is assumed that they have looked into everybody's point of view but that of the consumers. It is very rare, as my friend, Mr. Anklesaria, pointed out, for any Committee to come forward and increase taxation. It can only be done on the Report of the Tariff Board or on the Report of a person or persons who might have made a local inquiry. But if they go on increasing the taxation on account of the personal interest of a few members of the Committee or by a majority of votes secured, as a result of canvassing, I do not know where we land ourselves in this matter. I can justly demand that every efficient Government should definitely make up its mind before coming to the Legislature regarding the rate to be fixed on a proposal. Now, let us see whether, in the broader interests of India, they would or would not care to lower the duty.

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There is one more question, Sir, about which I am very unhappy. I do not think that the Government have solved this question satisfactorily. Sooner or later, they will have to solve it, and that is the question of yarn. We know that we have here contradictory forces, and we have to secure a position of equilibrium by considering all the forces together, and I daresay that I have read this part of the Report with great care. I have listened to all the arguments with great care, and I find that Government have not been able to find out a solution for this important question. It is admitted by the Tariff Board that imported yarn from other countries is used almost exclusively by the mills, and, therefore, in the interest of cottage industries, it is absolutely necessary that the price of yarn should be made as cheap as possible, and there should be no duty on it. Unfortunately, foreign countries do not supply the whole of the yarn we require for our cottage industry. I have got here some figures, and I find that in the years 1932-33, the total amount of yarn imported from foreign countries was 32.58 million pounds, while our cottage industry used no less than 364.98 million pounds, or rather twelve times the quantity of yarn made by the spinning factories in India. Therefore, if the spinning factories in India are destroyed, even then the cottage industry will lose heavily, and so if we try to introduce yarn free of cost, it would result in closing down the spinning factories and turning them into weaving factories which will again affect the handloom weavers. Therefore, on the one side we have to protect the spinning factories in this country, while, on the other side, we have to protect the interests of the cottage industry. Now, what is the best way of achieving this object? This proposition has not been properly handled and has not been properly solved. It is impossible for me or for Mr. Thampan or any other person to give a solution. It has to be enquired into very carefully by the Tariff Board or by an expert appointed by the Government of India. This question could not be solved by a few members sitting in the Select Committee and deciding the question by a show of hands. That is really not the way of doing it. You cannot decide this question merely by show of hands or giving votes, either in this House or in the Select Committee. It is a matter which must be seriously enquired into, because to destroy the factories is against the interests of the handloom weavers. To let yarn be free into the country is in the interests of these weavers. These two are contradictory propositions and we have to find out a solution. The solution may be different. The solution may be some kind of excise duty on mill made cloth. I do not say that it should be so, but still this question must be thoroughly enquired into, and it has been left unsolved, and I am not happy about it. Whatever proposals have been made in this Bill as regards that question are not fair, whatever amendments have been made are equally unfair, and, unless we have got good data, it is absolutely impossible for us to come to any definite conclusion. Side by side with this we should take good care about the handloom weaver. The handloom weaver is much more important than the mills in this country. We can sacrifice the mills, but we cannot sacrifice the handloom weavers, and their interests ought to be safeguarded, and we have not gone into that question very carefully. The costs of primary products which these handloom weavers are using have been increased and we have not gone into the question. This is the second point that I want to have a thorough enquiry made into. If the villagers, who are engaged in this

handloom weaving, go out of employment, then we will be faced with a very difficult situation, a very difficult economic situation, which will be very hard for the Government to face. Because, after all, you must provide a living for these people, people must exist, and if they begin to starve and die on account of hunger, they become desperate and may take any action they like. Therefore, any measure which will deprive ten millions of people of their means of livelihood is a very serious one, and it will lead to very difficult situation. This is also an important problem which we must look into.

The next point to which I should like to make some reference is the question of artificial silk. I think it is a mistake to call artificial silk by the name of silk. It is a wrong word. It is really a kind of cotton which ought to be classed under the same heading as cotton industry. Even the Tariff Board, at page 185, said . . .

**An Honourable Member:** Will you call it artificial cotton?

**Dr. Ziauddin Ahmad:** You call it beautiful cotton or shining cotton or by any other name, but certainly it is not silk. The Tariff Board Report says:

"We propose that the rate of duty applicable to artificial silk fabrics should be applied to mixtures of cotton and waste silk, except where the proportion of waste silk is not more than 15 per cent. of the total weight. In such cases, the duty will be levied at the rate applicable to coloured piecegoods."

This is really a very important pronouncement, and I think artificial silk ought to be classed as cotton and the duty should be put accordingly.

**Mr. Bhuput Sing** (Bihar and Orissa: Landholders): Is it made of cotton?

**Dr. Ziauddin Ahmad:** It is made of a certain kind of plant fibre.

**Mr. Bhuput Sing:** Not cotton?

**Dr. Ziauddin Ahmad:** No.

**An Honourable Member:** It is neither silk nor cotton.

**Another Honourable Member:** Call it rayon.

**Dr. Ziauddin Ahmad:** But still it should not be called artificial silk, and certainly it is not cotton. Coming to the question of silk, I shall just say one or two words. The silk industry at one time might have been in a flourishing condition, at least in my Province it was so at one time, but certainly it does not exist now to any large extent in British India. It really exists in two Indian States, Mysore and Kashmir.

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): Bengal.

**Dr. Ziauddin Ahmad:** I will come to Bengal. We are not justified in levying a very heavy duty in the interests of two Indian States, and, considering the Bill that we passed yesterday, on one occasion you pass a Bill by means of which you try and divide Indian States and British India more and more, and, on another occasion, the very next day, you come forward with a Bill to help Indian States.

My Honourable friend mentioned Bengal. I request him to read the report of the Tariff Board on Sericulture, and he will find that his own Government take absolutely no interest in the development of the silk industry.

**Mr. A. H. Ghuznavi** (Dacca *cum* Mamon Singh: Muhammadan Rural). That statement is not correct.

**Dr. Ziauddin Ahmad:** I go by the Report of the Tariff Board. I do not come from Bengal. I go by the Report of the Tariff Board on Sericulture, and that is what they say, and it is for Honourable Members to say whether it is correct or incorrect.

**Mr. K. C. Neogy:** You are right.

**Dr. Ziauddin Ahmad:** My submission is that, unless, in this particular case, a demand comes from the Provinces, unless they say that they are now going to encourage this particular industry and that they will take every precaution and every measure to encourage it in their respective Provinces, it will not be right for us to levy a heavy protective duty when there is no demand from the Provinces. If my Honourable friend can prove that the various Provinces are very anxious that this particular industry should be protected and that they are very willing and ready to help it themselves in a liberal manner, then we should agree. But to put on a duty first and then to expect the Provinces to rise to the occasion is really putting the cart before the horse.

In the end, I come to this vexed question of hosiery. I will not enter into details at this stage, and I follow the example of my Honourable friend, the Commerce Member, and will take it up when the item comes before us. But I take this opportunity to point out one grievance which I at least have in this particular matter. The whole trouble in this matter has arisen on account of the fact that the Government have not been able to make up their mind definitely as to what they are going to do. Had they made up their mind definitely that they were going to give this amount of protection beforehand and stuck to their guns, there would not have been trouble. But for some reason of their own, but which they have never given on the floor of this House, they have not made up their mind definitely. There was one Bill which was intended to give temporary shelter or to restore the competitive conditions of 1931, and certain articles were given protection. Government must have known at that time that this particular article would appear again in this Textile Bill. They ought to have made up their mind beforehand whether the duty was going to be by weight or by number. It was for them to decide, and they ought to have made calculations before forming their opinion and before bringing a Bill before this House. My complaint is that all this trouble is due to the fact that the Government have not been able to make up their mind definitely on this particular topic. They made one

proposal, and just on the day when the report of the Select Committee on that proposal was laid on the table, they made another proposal in this Bill and began to discuss the whole question *de novo*. Take the question of hardwares and earthenwares. We on this side of the House did not agree with the Government and we thought, and still think, that the figures which the Government had in their possession were wrong, that they made their calculations on a wrong basis, but still we discussed the matter and we finished it once for all, rightly or wrongly. But, here, as regards this hosiery, discussions are still going on on account of its introduction again in this second Bill. That is our objection. Had the Government stuck to the recommendations of the Tariff Board, that is, Rs. 1-8-0 a dozen, and not changed their opinion during the course of the discussions, except perhaps giving the same kind of concessions which they gave to the case of plates, that is, in the case of the plates they had specific duty varying with the sizes, it would have been a generous treatment. They simply accepted that this rate of Rs. 1-8-0 may vary slightly with the sizes, ranging from one rupee to one rupee and 12 annas for different sizes. If we adopted the recommendations of the Tariff Board, all these difficulties would have been avoided. What they did was that they had a uniform rate of Rs. 1-8-0. They would not consider any question of variation according to the sizes, and suddenly they changed their angle of vision and came forward with a different duty calculated on weight basis and not listening to the case of the fleecy articles. I do not want to go into details, but I like to mention one particular point before I give up this question of hosiery. When the Government changed their mind to increase the duty, they may have some very good reasons, but certainly those reasons were not given in the Select Committee, and the arguments that were given in the Select Committee were so fallacious that I could not possibly understand how a man of commonsense would accept them. What they did was that they modified the recommendation of the Tariff Board Report. They modified the *c.i.f.* prices, without considering the reduction in the cost of manufacture due to the fall in price of yarn and the fall in wages. If the cost of the imported articles has diminished, the cost of manufacture has also diminished, and to decide this question simply by a show of hands in the Committee is unjust and incorrect. I am not blaming the protection duty, but I am blaming the manner in which the whole thing was handled by the Government which is certainly unjust to the people of this country. There are some other defects in the arguments that have been placed before us. Some of the figures were read out to the Committee, and we were not given time to consider them. I do not want to go into details now as we shall have opportunities of speaking on the amendments. I, therefore, resume my seat with the remark that Government have done great injustice to this country and to the textile industry in not giving us the full data by means of which we could come to the right conclusion, and they have not given us sufficient time to discuss it on the floor of the House. Sir, three days for a Bill of this kind are hopelessly insufficient.

**Mr. President** (The Honourable Sir Shanmukham Chetty): As the two speakers who have spoken this morning have referred to the inadequacy of time, the Chair could point out that nobody has bound the House that this Bill should be disposed of either in three days or even in thirty days. It was only an indication of a general agreement on the part of the Leaders of Parties in view of the programme before the House and the

[Mr. President.]

time available. While we are on this, the Chair would like to make one observation with regard to our procedure. No doubt the speeches of the two Honourable Members who have occupied this morning are quite relevant to the motion which is under discussion, but the Chair would like to point out to the House that there is a difference between what is technically relevant under a Standing Order and what is really relevant to the discussion before the House. In considering the time taken up by the discussion of a Bill, the House has to consider not merely the time taken up in one particular stage, but the time taken up with the discussion since the Bill was first introduced. The Chair would point out that in connection with this Bill, when the motion to refer it to a Select Committee was made, the House had four days discussion, and 50 speeches were delivered—the Chair has got the list before it. The House had a very full and exhaustive discussion on the general principles of the Bill, the policy of free trade and protection, the Indo-Japanese Agreement and the Lancashire-Bombay Millowners' Agreement. Though, after the Bill has come from the Select Committee Honourable Members would be entitled to cover part of the same ground over again, yet the Chair wants to draw the attention of the House to this fact that what would really be relevant from a wider point of view at this stage of the discussion is a review of the Bill as it has emerged from the Select Committee. Honourable Members must at this stage of the discussion concentrate their attention more on the aspects of the Bill as it has been amended by the Select Committee. On the Order Paper Honourable Members will find that there are about 34 amendments to the Bill. Now, the House must decide the relative importance of a general discussion at this stage and concentrated discussion on these 34 amendments. If the House thinks, and it is entirely for the House to decide and nobody can interfere with its discretion, that attention must be concentrated on these amendments, then the House would be well advised to proceed to the amendments as early as possible. The Chair is only giving this general direction to the House to enable it to know exactly how to proceed with the discussion.

**Sirdar Harbans Singh Brar** (East Punjab: Sikh): Mr. President, this measure is one of those examples which go to prove that under the British system of Government the rich govern the law and the law governs the poor. It proves beyond a shadow of doubt that the rich can manipulate anything to get any legislation passed, and to bring pressure to bear upon the Government by their propaganda, the Press being at their disposal, the cinema and other entertainment houses. It is not difficult for them to see that the measures which they consider necessary for their protection and for their benefit are pushed through in a House in which, out of 104 elected Members, as Mr. Ankersjö pointed out, no less than 80 are representatives of rural constituencies. Measures detrimental to rural interests and measures which go to the very root of the existence of the cultivator are getting passed, although there is a large majority of the representatives of these rural people to protect the cultivator and the labourer. The cost of protection to the country is too top heavy. Sugar is one example, as has been pointed out by Sir George Schuster, the Finance Member. The present measure for the protection of the textile industry is another example. No industry, once you give it protection, likes to give it up. For however long a time you may give it, it never

tries to give it up. It will want more and more protection every day. The Tariff Board may estimate that seven years will be enough, but whatever the period once estimated, when once protection is granted, the industry never gives it up. I shall now quote from a book by Beveridge. He says:

"The plain fact is that however economists may theorise about temporary Protection of infant industries, Protection once given is in practice not temporary; it, proves as hard to get rid of as an amendment of the American Constitution. The infant industries never feel themselves grown up; if they grow up at all they devote their manly strength to fighting for bigger and longer Protection. This is the lesson of all tariff history in every country with a tariff for the past sixty years. It is the moral of every temporary duty imposed in Britain since the War. 'One of the fathers of Canadian Protection—Sir Charles Tupper—declared long ago that 'given fifteen years of Protection the infant industries of Canada would be able to stand alone'. The fifteen years are gone; twenty-five years are gone. The infants are still in arms'. This Professor Smart wrote in 1903. Today fifty years are gone; in the fifty third year, the infants have to be rescued by an emergency tariff."

This shows that once you give protection to an industry, they fight harder and harder to get more and more protection to fill their own coffers, without trying to improve the efficiency of their industries. When, infant, the industries cry for it, when grown up they fight for it. The cost of protection to India has been estimated to be as much as 16 crores of rupees per year, and this huge sum the tax-payer and the poor masses of this country have to pay by way of more and more additional taxation which inevitably becomes necessary, to make good the shortage in the revenues caused by the granting of this protection to the different industries. Sir, how long can we continue to give such protection? There is no limit to the number of industries. Even industries, having one or two factories in the country and of very little importance, go up to the Tariff Board, and the Tariff Board considers it their duty, in order to keep their own Board going, to grant the protection asked for. There are so many examples,—I need not mention names. There are so many instances where the Tariff Board Members initially grant protection to certain industries and then they become the employees, receiving exorbitant rates of salaries of those very industries. Then, they again get on the Tariff Board and grant protection to some other industries, and then they accept positions of high salaries in those very industries. That being the state of affairs, can it be pointed out that there was a single industry whose case was refused by the Tariff Board by not granting protection to that industry? Sir, the Tariff Board complacently assumes that it is absolutely necessary for them, apart from the merits of the case, to come to the finding that a certain industry must receive protection, because the Government themselves have referred that case to them

Sir, the millowners of Bombay point out that there is no antagonism between the interests of the millowners and those of the cultivator. I fail to understand, Sir, how they could say that. Naturally, the millowner considers it to be in his own interest to sell his goods at as high a price as he can get, and, on the other hand, to buy his raw materials at the lowest price possible. If they want protection for their own mills and for the benefit of their own invested capital, why cannot they undertake to pay a decent fixed price for the cotton of the cultivator, whatever may be the circumstances? They patronise foreign cotton to the detriment



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of the Indian cultivator, and they have the cheek to expect that the peasant should support them and give them millions of rupees worth of protection every year out of his own meagre and paltry income! Sir, there has not been a single example of providing rural representation on the Tariff Board for protecting the interests of the producers of raw materials and of consumers, which has always consisted of members drawn from the big manufacturers or industrialists or other commercial people, to whose natural interests it is that protection should be granted to industries, because, if they refuse to do so, then, when the case of their own industries comes up in turn, they will be neglected. Sir, it is scandalous that the interests of the rural people, the interests of 83 per cent of India's people, who are agriculturists should thus be neglected and fail to secure representation and it is absurd to expect that their interests would be effectively watched by this Tariff Board which only concentrates on granting protection to industrialists and other capitalists. (Hear, hear)

Sir, the very fact that no industry has ever been refused protection shows that the Tariff Board people, representing as they do the vested commercial interests and the interests of manufacturers and capitalists, should always seek to protect their own concerns. There has been but one brave example of a good-hearted European official who once had the courage to refuse the millowners' clam, and that was my Honourable friend, Sir Frank Noyce. (Applause.) Be it said to his credit that he considered the interests of those among whom he had lived so long and for whose interests he came to serve this country must be served, but, Sir, such examples are very few and far between. Sir, the mill people point out that the profits they earn are not enough to keep their industries going, and here is an example in the cotton industry. I quote from "The Indian Tariff Problem" by Dr. Hirendra Lal Dey, M.A., D.Sc.:

"The extravagant financial management of the Bombay mills will be apparent from the following instances: In 1920, two mills paid dividends of over 200 per cent., 14 mills paid 100 per cent. and more, 20 mills paid 40 per cent. and more. Mr. Pearse gives instances where the shareholders were not satisfied with a 400 per cent., but expected a 500 per cent dividend. (*Vide* The Cotton Industry of India, page 65)."

An Honourable Member: Shame, shame.

Sirdar Harbans Singh Brar. If they calculate the average for a number of years, it will be proved beyond doubt that they have been receiving fair dividends, but what they do is this. When they receive 400 per cent or 500 per cent dividends they will not quote those years but they will pick out one or two years of depression and show that in these years they have not received any dividends and that their condition is very poor and in a very depressed condition and that they must receive protection. If, during the time when they received these high rates of dividends, they accumulated reserves and improved their efficiency, reduced their overhead charges and paid their labourers fair wages, so that they might feel an interest in the industry itself, as in the well-known case of the Ford industry in America, the labourers having been given shares in the concerns themselves as bonuses after a number of years to a limited extent, or something like that, how much beneficial would that have been to the people as a whole! Sir, the instances of fat dividends I have

quoted must have shown that Mr. Mody's contention that the mills are suffering and that their condition is very poor is thoroughly demolished. There is no case proved that the mills are not making a decent and a fair profit on the capital invested by them. I, therefore, think, Sir, that, under these circumstances, if protection is continued to these people, they would never give it up at any time. The Tata steel industry is a case in point. The Tariff Board had estimated that within seven years the industry would be able to stand on its own legs and that no protection would be needed, but within a few months we are getting a Bill to extend the protection to that industry for a longer period. Sir, whenever an industry gets protection, it never likes to give it up. That is human nature,—that is commercial intellect, that is commercial genius, that is commercial morals. (Hear, hear.) No one likes to give up the profits that have once accrued to him, and we cannot blame such fellows. Everybody who is in business would like to do the same. But, is that fair to the masses, is that fair to the country as a whole? Sir, I do not think such instances should be allowed to be multiplied, to the detriment of the country as a whole. It has been shown to us that piece-goods from outside are coming in lesser and lesser quantities for some time now. Now, if that is so, then the competition is naturally reduced to a lower level than formerly, and, the competition being less, the ground for protection goes away.

Mr. President, under these circumstances, and for all these reasons, I consider that protection should no longer be allowed to continue, and, in the interests of the general tax-payer and the vast mass of consumers, no more industry should be given protection. Sir, from the minute of dissent by Mr. Ghuznavi, appended to the Report of the Select Committee, it is clear that the Select Committee itself, far from reducing the duties, has increased them in such a short time that the Committee itself had no time to consider the details and the effects of the increase in the figures. Was that fair? I can not understand. Mr. Ghuznavi has put it in very plain language. He says:

"The most noticeable feature of the present report is that in as many as five instances, amendments made have the effect of increasing the taxation proposed by the Bill. It is also a novel feature so far as my experience of this Assembly is concerned. The fact that the Government have accepted these amendments and are obtaining the sanction of the Governor General as regards these increases, goes to show that either the Government inquiry leading to the Bill was superficial or that the Department of the Government concerned with the preparation of the Bill was unaware of relevant and important considerations which led them subsequently to change their mind and accept the amendments. In either case it is regrettable in the extreme."

Mr. President, I should consider that it is most unfair and it is most unwarranted that duties on articles that are used by the consumers should be increased without a proper inquiry by the authorities which originally considered these proposals for the grant of protection to these industries. The Select Committee was not an expert body and it would have been best if this matter had been referred to the Tariff Board for consideration and for report. But no such step was taken. Instead of doing this, the whole matter was finished at once sitting within half an hour. No sadder commentary could be made at such a doing. If such facilities and opportunities were given as Mr. Ghuznavi had asked for, the following

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defects would have been apparent. While the price of the Indian underwear was taken as that of 1932, that of Japanese vests was taken as that prevailing in 1934, with the result that there was no proper comparison. The prices should have been taken of the same year for both the articles. Then, there are many other instances in which the Report that has now been presented to us has not considered the pros and cons of different proposals and different amendments which the Select Committee has introduced. In spite of all that, they thought that the amendments were not of such importance as to require the re-publication of the Bill. I am surprised that the Select Committee should increase the taxation proposals and increase the amounts of duty without any expert inquiry and then should not consider it necessary to publish the Bill. Sir, protection should only be resorted to in very extreme cases of key industries without which the security or the fate of the country will be in danger or which is in the interests of the country as a whole and not of a few people. The industry should be considered as of vital importance to the peace and prosperity of the nation as a whole. But, what do we find here? For the last four years, these measures of protection, one after the other, are being introduced for the benefit of a few millowners or of a few millionaires representing a very small proportion of the general population of the country. If the millowners really do want protection and want the support of the rural representatives, then they must give an undertaking, and the Government also must give an undertaking that the cotton interests will be as much safeguarded, and that the duty, instead of being two pice per lb. would be increased to two annas per lb. on foreign cotton, so that the price of our raw materials should increase in our own market. That will be a course which will be beneficial both to the industrialists and to the cultivator. Unless some adequate protection which will keep the cotton grower going is allowed to us and granted to us, I, for one, as representing rural interests, would not be a party to granting any protection to any industry however rich or important it may be. Sir, this Japanese Agreement has fixed a quota of buying Indian cotton and also of receiving piece-goods from Japan. But the space allowed in the ships is absolutely in Japan's hands. Indian traders, who deal in Indian cotton for Japanese exports, are not allowed any space in these ships, so that, the trade of Indian cotton, as far as Japan is concerned, will be entirely in Japan's hands and they will be able to manipulate its prices to their own benefit and to their own advantage. Such an unfair adjustment should not be allowed to stand any longer. It is not yet too late to change it. We should even now insist that full facilities should be given to Indian traders, as far as space is concerned, in Japanese ships for exporting our cotton to Japan. If the Japanese firms and the Japanese Government are not prepared to grant such facilities to our countrymen, we should put an embargo on their goods just as they boycotted our cotton when it was in their interests. Those countries, which treat us in such an unreasonable manner and to the disadvantage of our poor people, should not be allowed any concessions or any rights.

Mr. President, I do not want to delay the House for going to lunch. I shall bring my remarks to a close by making this proposal to the Government and to the millowners that if they will be prepared to grant

protection to the cotton industry, I mean the raw cotton, by way of putting a higher duty on the import of cotton from outside, say two annas instead of two pice, and also grant us facilities for exporting our cotton to Japan by way of securing for the Indian dealer in cotton a space in the Japanese ships. we will be prepared to withdraw this amendment and not press for the circulation of the Bill.

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock

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The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

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**Mr. A. H. Ghuznavi:** Sir, I shall raise my little finger of protest against anything that is likely to hit the masses or the agriculturists, whether it falls on deaf ears or not. I am not here to support a dilatory motion of this kind, but what tempted me to put my signature to the notice for that motion was this.

When the Select Committee and the Government give the go-by to the Tariff Board recommendations and they made new recommendations raising the very tariff which they themselves proposed after considerable discussion among themselves and when the Tariff Board Report had been in their hands for full fifteen months, and, after considering for over 15 months, they came out with a proposal that either it should be Rs. 1-8-0 a dozen or its equivalent nine annas a lb. and the Government made those proposals before the House and got the Select Committee accept the principle and on that principle this House passed the Select Committee motion, and, after doing all this, what do we find when we go to the Select Committee? One or two telegrams were read to us, and, in half an hour, the Government accepted the industrialists' propaganda raising the duty from nine annas to 12 annas a pound.

**An Honourable Member:** Where are those telegrams?

**Mr. A. H. Ghuznavi:** They are in the Commerce Department.

Sir, in my experience of the last eight years in this Assembly, I have never had an experience of this kind that the Government, after considering a proposal for 15 months and after such a long deliberation, altered their considered proposals in the Select Committee and raised the duty by 33 per cent, due to the clamour of a few industrialists. What is the position, Sir? The Tariff Board was asked to make an enquiry on the 9th April, 1932, and they submitted this report on the 10th November, 1932, and, even in March, 1934, we have not had a copy of the evidence to enable us to find out whether their conclusions were justified or not. We are merely asked to accept those findings. Having accepted those findings, what do we see? The Government give an absolute go-by to those findings and they go on increasing the taxation. In five very important items the taxation has been raised, because telegrams were sent out and the rates were found. What was the telegram? The telegram was to find out the

[Mr. A. H. Ghuznavi.]

present price of the Japanese cotton vests. The Tariff Board very clearly said that the average cost of a vest weighing three lbs. two oz. may be put at Rs. 3-5-6. This finding was in 1932, not in 1934. The Indian manufacturing price has gone considerably down since then, and, on this, they say, allowing so and so, and so forth, "they consider a fair selling price of Rs. 3-14-0 a dozen comparable to the Japanese vests weighing two lbs. eight oz. a dozen which are imported at the c.i.f. price of Rs. 2-6-0 a dozen". An alternative statement of costs works out to Rs. 4-8-0 a dozen after providing for depreciation, interests and profit, and, therefore they recommend that, according to this comparable figure of the price of the Indian manufacture and of the price of Japanese imported goods, the extent of protection necessary would be Rs. 1-8-0 a dozen. They say it would be very difficult to put it on a weight basis, and if you work at Rs. 1-8-0 a dozen and two lbs. eight oz. as the standard basis, you will find that it works up to nine three-fifths of annas a lb. Even this enquiry on hosiery was treated by the Board in the same way as you, Mr. President, have treated your wig, that is to say, as a subsidiary matter.

Here is this Tariff Board Report covering textiles to 175 pages, and hosiery and bruids taken together cover only eight pages. But the relevant matter, so far as hosiery is concerned, is covered in two pages, 179 and 180. Sir, I have carefully studied this Report and I find that they have taken figures from a factory in Ahmedabad, and in Bengal they have gone on materials supplied by what is called the Bengal Hosiery Association. As regards their socks, they have gone to a factory in Lahore. There is nothing in this Report to show that they gave opportunities to the importers to place before them facts as to what was their c.i.f. price. All those who are interested in manufacture alone gave them the figures. They do not say they tested those figures. I have seen a letter addressed to the Tariff Board by the Hosiery Importers' Association, Calcutta, offering to give evidence. They never gave an opportunity to them to place their evidence before them. Even on those meagre findings in respect of cotton hosiery which was treated as a subsidiary matter, their finding has been Rs. 1-8-0 a dozen which is equivalent to nine annas a pound. And here we are, at the instance of a quarter dozen or half a dozen industrialists, straight-away raising it from nine annas to 12 annas a pound, forgetting that India is an agricultural country and the poor masses cannot afford to pay higher prices. Sir, if you go through this book, you will find that there is nothing to convince you as to the accuracy of such figures as are available, and unless the evidence is produced to find out how they arrived at those findings, it is hopeless. There is the other side. They tell us that these figures were not correct and they challenge those figures. But unless we can get hold of that evidence, we are not in a position to find out whether these gentlemen are correct or their finding is correct, because we have got no material to judge and come to a conclusion. We have, therefore, to accept their finding as correct. Sir, those of us who represent the other side of the case in this House are laughed at; they are called members for Japan and members for the importers. But I should like to know, have we or have we not got a duty to our constituencies? Most of them are agriculturists, and, therefore, we represent their point of view that, because we have chosen to put so much money into the pockets of these industrialists, these poor fellows will suffer and they will have to go, like Mr. Gandhi, in loin cloth.

I am not talking of socks now, because you may call it a luxury. But what about the vest which every Muslim requires to cover his body when saying prayers and which is, as I am told, required by every Hindu also? You are penalising them; you do not follow the principle that has been enunciated by the Fiscal Commission. They have distinctly said that the burden on the consumers may be viewed in two aspects, the extent and the duration, and in both the importance of discrimination in reducing the burden to a minimum is clear. Then they say:

"With regard to the extent of the burden, namely, the rise of prices, we have already shown that the fewer the articles on which increased duties are imposed, the smaller will be, not only the direct effect arising from the cost of these articles and their substitutes, but also the indirect effect through a rise in the general level of prices. We need not recapitulate the importance to the great mass of the people and to the interests of agriculture of restricting the rise of prices to a minimum. This can only be achieved by exercising a wise discrimination in the selection of industries for protection."

Now, Sir, whether this hosiery industry is a suitable industry or not for protection is yet to be considered. They say:

"If protection is extended to unsuitable industries, they will never reach the stage at which the shield of protection can be discarded, and will remain a permanent burden on the community."

Now, look at the duration of the protection they have given here. Five years,—and the protection is given to the extent of nearly 260 per cent in some cases. I do not know of any country in the world where they cannot manufacture all that they require of a particular article for the masses putting a higher tariff wall of 260 per cent and thus preventing imports coming in to supply the needs of the masses at a cheaper price.

**Mr. J. Ramsay Scott** (United Provinces. European): Compare with Japan.

**Mr. A. H. Ghuznavi:** Japan not only has provided for her requirements completely, but she is ready to provide for the rest of the world at competitive prices. You ought to be ashamed of saying "Compare with Japan". The point is this that Japan must raise her tariff wall, because she has got an abundance of goods for her own consumption and she wants to provide the rest of the world with her surplus production. Surely she does not want others to go and dump her market while her own goods lie unsold, (Interruption) because they are industrious and efficient, and not inefficient. That is the answer. Your Province has been described fully by an Honourable Member sitting on these Benches as the most inefficient fellow that was ever known. You want to raise a high tariff wall for goods you do not make. As soon as some say that you do not make these goods here, you say "Yes, I do". But I challenge you to prove it. There is a certain class of goods, called fleecy shirts. I have gone all over Delhi myself to buy one piece of Indian fleecy shirt, and I challenge my Honourable friend, Mr. Hardy, to bring one from the Delhi market made in India. I telegraphed yesterday to go through the whole of the Calcutta market and they telegraph back to me that they cannot find Indian fleecy shirt in that market. I interviewed three big hosiery merchants in Delhi and I telephoned last night and asked them if, during their experience of thirty years or more in that trade, they had ever known a fleecy shirt made in India . . . . .

**An Honourable Member:** What is a fleecy shirt?

**Mr. A. H. Ghuznavi:** The difficulty is that Mr. President has given a ruling that I must not demonstrate samples here (Laughter); otherwise I have a sample which I can produce. It is very difficult to describe it: it is a kind of fleecy vest . . . . .

**Mr. J. Ramsay Scott:** It is a cotton imitation of a woollen vest.

**Mr. A. H. Ghuznavi:** If that has satisfied my Honourable friend, I am satisfied.

There is also another novel thing which I have not experienced in my life in the Assembly for the last eight years. A Bill is introduced on the 22nd December: another Bill is introduced on the 5th of February for the same article—one at Rs. 1-8-0 a dozen and the other at nine annas a pound. Not even two months have elapsed. It is amazing. The first was introduced on the 22nd December, the last day we sat here during the last Session: then we came back on the 24th January; and we went into Select Committee with that old Bill, and, by the time, 3rd February, we submitted our Report, on the 5th February the Commerce Member came out with another new Bill for the same goods; but this time he changed it from Rs. 1-8-0 a dozen to nine annas a pound, but he explained that there was no difference at all: one was based on quantity and the other on weight. It is amazing. What was the use of two Bills? As I remarked the other day, you make this Assembly sit nearly 16 days or at least 10 days knowing that one Bill would have sufficed and ten days would have been saved and we might have been saved from sitting till one and two o'clock in the morning and in this heat with all these *khus khus* curtains. On that old Bill, there was a discussion. It was made abundantly clear that the Indian production was not more than 23 per cent; and, before Mr. Ramsay Scott makes a challenge that we produce 200 per cent or cent per cent, here are the Government figures, and the Government figures show even less than 23 per cent. These figures were supplied to us in Select Committee. With this fact in view, that they can only supply to the extent of 20 or 23 per cent, you are putting on a prohibitive duty of something like 260 per cent in respect of some qualities preventing their import into this country, and you still maintain that prices will not go up or that it can be paid by these poor masses, I could understand if you did this: if you were in a position to supply at least 80 or 75 per cent, even then, according to the Fiscal Commission's Report, you can only ask for a reasonable protection and not for a prohibitory protection as you have got now by clamouring . . . . .

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(The portion in asterisks was expunged by order of the Assembly.)

**Sir Cowasji Jehangir:** This can all be done in the amendment; you can say all this on the amendment, or more if you like.

**Mr. A. H. Ghuznavi:** The details, as my Honourable friend, Sir Cowasji Jehangir, has just pointed out, can be discussed during the amendments. All that I want to say is this: you have passed the Tariff Bill, the Bill that we passed last time. You have again brought in this new Bill dealing

with, amongst other things, the same hosiery. If you want to stick to your own proposals, nine annas a pound, do so. We have not the least objection. That has been your considered view; but if you want to raise it to 12 annas a pound, surely have another investigation before you do so, and you do not suffer. The previous Bill is in force at Rs. 1-8-0 a dozen. Come up with your fresh proposal after investigation in July or August. Leave out that item, Item No. 1580, from the present Bill and carry this Bill. By the previous Bill, you are getting Rs. 1-8-0 a dozen, that is equivalent to nine annas a pound that protects you in the meantime. If you think that you have to raise it to 12 annas a pound, make an investigation, ask an expert to investigate and get all interested parties to be represented. Come before us with a fresh proposal in the next Session of the Assembly when we shall have all the materials to enable us to deal with the matter properly.

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I regret that the Honourable the Commerce Member made a very brief speech in moving this motion. I do not believe, as my friend, Dr. Ziauddin, does, that it is the intoxication of the fourth type that induced the Commerce Member to do so. I think he is not capable of following the principle of not caring for public opinion, because he has got the majority of votes at his command, and I should be the last person to attribute any such motive to him. But, Sir, I really regret his brief speech in making this motion, because the Report of the Committee has been printed on one page, while there are minutes of dissent which cover over ten pages of closely printed matter, and I thought that the Honourable the Commerce Member would reply to some of the points that have been raised in these minutes of dissent. That would have simplified matters and cut short the discussion on the amendments to a great extent. I should like to refer to a few of these minutes of dissent.

Now, Sir, going through the minute of dissent of my friend, Mr. Thampan, I find, he says that the Tariff Board Report dealt with the conditions in the industry which existed two years ago, and it was the duty of the Government to have furnished the Committee with upto date data. This is what he says in his minute of dissent:

"It was the duty of the Government to have furnished the Committee with data bringing the facts mentioned in the report upto date. Not only have they not done that, but they have not even published the evidence taken by the Board. Even the copies of the representations made by certain Associations which I wanted were given to me on the last day when it was too late to digest the facts and use them. I protest strongly against Government not having circulated in the Select Committee the evidence taken by the Tariff Board. For this reason I feel that adequate consideration has not been given to many items and the treatment given to raw silk in particular was, to say the least, very trivial."

Sir, here a very responsible Member of the House makes certain accusations, and I thought the Commerce Member would try and meet the charges levelled against the Government. I remember distinctly that in one of your own speeches you said that we should take the facts and circumstances from the Tariff Board. The House is not bound to accept their inferences, but so far as facts are concerned, I very clearly remember your having said that we should be bound by the facts as set forth by the Tariff Board Report. Of late, however, there has arisen a new and peculiar procedure. In connection with almost all these Bills, the Central Board of Revenue



[Mr. S. C. Mitra.]

creeps in. I do not say anything derogatory to the consideration that is due to the two Members of the Central Board of Revenue, but I feel that there should be some means for the Members of this House to know what the position of the Central Board of Revenue is in these matters. If Government consider that they can get these facts tested and verified by the Central Board of Revenue in a better manner than by a Tariff Board, then they should make it quite clear, and this farce of a Tariff Board should be done away with. This is not the only occasion on which this practice has been followed, but there have recently been several occasions when the assistance of the Central Board of Revenue was taken to go over the decision of the Tariff Board, and I think it will be my duty to place this matter before the House when we find that the Tariff Board's Report, even as regards the statement of facts, is not accepted, and the Select Committees are hustled into accepting some facts obtained by the Central Board of Revenue collected by them in their own way, and the Select Committee has to base their inference on those facts, untested and unverified on many an occasion . . . .

**Mr. N. M. Joshi:** Why should they allow themselves to be hustled?

**Mr. S. C. Mitra:** Because, as in the House, so in the Select Committee, Government have always a majority with them, and they can carry anything they like.

Then, Sir, in Mr. Thampan's minute of dissent, I find he refers to another point, which is also supported by Mr. B. Das. This is what Mr. Thampan says :

"The textile industry has already had the benefit of protection for some time, but it is notorious that it has not done anything worth mentioning during the time to put its house in order. On the other hand, the Tariff Board clearly states that without the aid of protection the majority of mills in India will find it impossible for a long time to come to realise any return on their capital. I have no doubt that unless some kind of control is exercised over the industry by the State it will not, even if it can, get out of the moribund condition into which it has now fallen. If the industry looks up to the State for protection, the State has every right to lay down certain conditions under which alone that protection can be given."

I entirely agree with my friend, Mr. Thampan. I further agree that the protective duty that has been suggested in this Bill should be given. I have no quarrel with the principle or even with most of the suggestions contained in this Bill, but what I contend is that the point raised by Mr. Thampan and supported by Mr. B. Das subsequently that certain conditions should be imposed upon the industry, that seeks protection through the Legislature, is a point worthy of serious consideration by this House. It has been pointed out by my friend, Dr. Ziauddin Ahmad, that a protection certainly means further taxation on the consumer in two different shapes, but it is an accepted principle that we are agreeable to further taxation provided we are assured of advantages later on. But, to secure that object, there should be certain conditions imposed on all the industries that would seek any relief in the shape of protection from this House. The point was raised by my friend, but I understand that the Chairman of the Select Committee ruled it out of order. Sir, here I would request you to give us a direction about the procedure that should be adopted in Select

Committees when Members find that the rulings of the Chairman are not sound according to their judgment, and I should like to know what is the remedy for any Member when he finds that a particular ruling of the Chairman goes against a precedent. I should like you to enlighten us on this point. Have the Members any right to seek any further direction from you, Sir, as President of the Assembly? I do not say that in this particular case the ruling was wrong, but it will be a valuable direction for all time if you will kindly give some direction from the Chair as to the procedure that should obtain in this House about the rulings of Chairmen of Select Committees. When there was a Select Committee on the sugar industry, over which you presided, you as Chairman gave us the latitude to insert conditions should the industry claim them from the Legislature in the shape of protective duties, but on this occasion I find that the decision of the Chairman was opposed to the decision which you, Sir, gave in an earlier Select Committee. I understand that an attempt was made to differentiate the two cases, that this was merely an amendment of the Tariff Bill, while the other Bill was a protective Bill. Sir, I maintain that it is a distinction without any difference, because it must be admitted that the whole purpose of this Bill is to protect the Indian industry, and therefore, I cannot see how it fails to be a protective measure, merely because Government, for some reason or other, have brought it up in the shape of an amendment of the old Tariff Bill. But I leave it there, and I invite your direction and guidance in this matter, whether Members of a Select Committee have any right to ask for redress when they find that the ruling of the Chairman of the Select Committee had gone against precedent. Mr. B. Das also supports Mr. Thampan in his minute of dissent. He says:

"The Chairman ruled out in the Select Committee amendments to the textile protection part of the Bill which was moved by Mr. Thampan and which would have imposed certain compulsory obligations on the industry protected. The Assembly has long felt and insisted for some such provision in the Protection Bill's whereby industries protected should discharge certain obligations to the State and the public at large by disclosing their cost of production, by producing statements when required or by conforming to system of licence if Government would so require. In 1931 on 28th January, Sir George Rainy moved a Resolution in the Assembly regarding Import Duties on galvanized iron and steel pipes, etc., seeking the sanction of the Assembly to approve protection up to 31st March, 1934."

Mr. Das continues:

"In fact this was recommended by the Tariff Board in paragraph 199 in their report on Cotton Textile Industry. The Select Committee on Sugar Protection Bill further insisted that the Governor General in Council should, as soon as possible, thereafter, give the Legislature an opportunity to consider his action whenever he exercised this power."

If the Commerce Member had taken some trouble in regard to one or two other matters, he would have helped us, laymen on this side, to decide our attitude. We on this side are agreed that the interests of the handloom industry should be protected, and that nothing should be done, either by raising or by lowering the duty which would in any way hamper the interests of the handloom industry. But we are not sure of facts. If we are convinced by the Government by facts that the handloom industry depends for its yarn more or less on the yarn produced by Indian mills, then our duty would be to support any amendment that will raise the import duty. If, on the other hand, facts are proved that the handloom industry depends for its yarn on the imported foreign yarn, then we should support any amendment that lowers the import duty. Our goal is accepted by all the Members

[Mr. S. C. Mitra.]

on this side, but, Sir, when you will read this Report, you will find a group of Members had the advantage of going into the question in detail in the Select Committee—I shall read relevant portions to show that my Honourable friends, Mr. Raju, Mr. B. Das, Dr. Ziauddin Ahmad, hold that the handlooms in India depend for their yarn on the foreign yarn. That is their argument:

“The Tariff Board Report (page 37) says: ‘very little imported yarn is now used in the Indian mills. . . .most of the yarn which is now imported is used by the handloom industry’. As the Indian mill production of yarn of counts 40 and above is only 3·7, we desire to point out that there is no justification whatsoever to impose any import duty on counts of 40 and above while the existing duty having succeeded in protecting the interests of Indian Spinning Mills, regarding lower counts, we feel that further increase is unnecessary.”

This is the view of one group.

**Mr. K. P. Thampan** (West Coast and Nilgiris: Non-Muhammadan Rural): May I refer my Honourable friend to Table LXVII, page 159 of the Report of the Tariff Board on the Cotton Textile Industry?

**Mr. S. C. Mitra:** I know that Mr. Thampan, Mr. Mody, Mr. Bagla, Mr. Mudaliar, Mr. Dudhoria, Mr. Scott, Mr. James, and Mr. S. C. Sen hold just the other view. They say in their dissentient note:

“Considering the large quantities of Indian mill made yarns available for sale, these increases could not possibly hurt the interests of the handloom weaver.”

The argument is very simple. If the handloom industry really depends largely on the yarn produced in India, then a high duty or better protection for Indian mills will give a less chance to Indian mills manufacturing low counts of cloth, and thus there will be less competition with the handloom weavers, while, if the handloom industry depends on foreign yarn, then the duty should be lowered to make it possible for the handlooms to produce manufactured cloth cheaper. When the goal is so certain and when we are all determined to help the handloom industry in India, why should not the Government be in a position, with the help of the Tariff Board or the Central Board of Revenue, to tell us definitely and positively what amount of yarn is necessary for the handloom weavers, and what percentage of it is imported yarn, and what percentage is from the Indian mills, so that, once for all, we can come to a definite conclusion on this issue. As regards artificial silk . . .

**Dr. Ziauddin Ahmad:** Don't call it silk.

**Mr S. C. Mitra:** My Honourable friend, Dr. Ziauddin Ahmad, is not willing even to call it silk. He says:

“India at present is not spinning artificial silk yarn and the question of its protection does not arise. It is incorrect to assume that artificial silk competes with real silk. Persons who really wear silk would not dream of artificial silk.”

And still my Honourable friend insists that it should not be called silk. So far as I know, if I can show some samples of artificial silk, it will be difficult for even a connoisseur like my Honourable friend, Dr. Ziauddin, to differentiate between real silk and artificial silk. It is not only in dream, but in reality it is very difficult for an ordinary layman to differentiate between artificial silk and silk. I certainly support the argument of my

Honourable friend, Mr. S. C. Sen, that the Bengal silk industry deserves to be protected against this artificial silk which sometimes passes as real silk.

There is one other point which I should like to deal with. Mr. B. Das says :

"The country must recognise that the Agreement and the Pact both agree to Imperial Preference, though their difference is only in degree of preference, which means that all sections of commercial opinion in India have approved and blessed the Imperial Preference as the recognised feature in India's commercial relations with Britain."

**Mr. B. Das:** That is the unfortunate truth.

**Mr. S. C. Mitra:** My Honourable friend, Mr. B. Das, says that that is the unfortunate truth. I contend that, though the result is the same, the reasons for acceptance by the country of 50 per cent. duty on Japanese goods and a lower rate of duty on British goods—that does not in any way lead to the irresistible inference, as my Honourable friend, Mr. B. Das, thinks, that the Indian mercantile community, or, as a matter of fact, the Indian public have accepted Imperial Preference. I maintain that the question of Imperial Preference does not arise in this connection. Our textile industry required protection against the Japanese goods, because it was being beaten by the Japanese goods by unfair competition. It required protection against Japan and not so much against Lancashire. For that particular reason, it required a higher percentage of duty against Japanese goods, and, looking at the thing from the point of view of protecting our industry, if the Tariff Board or the Government decide that for protecting the Indian industry a certain percentage is necessary as against Japan, and a different percentage is necessary against other countries, and only superficially to satisfy the provision about the "most-favoured-nation" clause, it is necessary to put in a clause—I maintain that it does not lead to the inference that the Indian commercial community has accepted Imperial Preference as a principle. I think he misread the situation, and, by the suggestions of the Indian mercantile community and the public blessing the Indo-Japanese Pact, they do not commit themselves to that principle. With these few words, I support the motion.

**Khan Bahadur Haji Wajihuddin** (Cities of the United Provinces: Muhammadan Urban): Sir, the present Bill is the most important Bill that was ever discussed by this Assembly. The textile industry provides livelihood for about 12 million people, and it is the largest industry. India always enjoyed the reputation for fine weaving. *Dacca Malmai*, Benares *Sam*, Surat *Tussar* were known all the world over. The trade has now fallen, and we have before us complicated problems. We have to defend our mill industry against foreign import and protect our cottage industry against our own mills and against foreign import. We should see that our mills are well protected and we should also see that our cottage industries are protected against our own mills and foreign mills.

We have now given a quota to Japan, which, in my opinion, is too much. Once the quota is given, it is unnecessary to raise high tariff duty. The high tariff is necessary to stop the import; but when the quota of import is fixed, high tariff, to my mind, is unnecessary, and this

[Khan Bahadur Haji Wajihuddin.]

burden will fall entirely on the consumers. The consumers of India are very poor, and they will not be able to pay the high prices which would be a necessary result of the high taxation proposed in this Bill.

My esteemed friend, Dr. Ziauddin Ahmad, has pointed out in his speech that the people of India pay an invisible tax of four annas per rupee to support their relatives and friends who are unemployed. This invisible tax is not levied in any other country except India. In addition to this, I understand that the annual income of the people of India has diminished by at least 700 crores of rupees per annum. Considering, therefore, this invisible tax, the loss of income and high taxation, it is exceedingly difficult for the people of India to pay high prices for manufactured articles. I am, therefore, strongly of opinion that the taxation should be as low as possible. I should also like to point out that the additional taxation does not mean an increase in the income. In fact, the revenue will be diminished and the Government will have to compensate it by putting some excise duty on some other article. The sugar and matches have been unfortunate this year and the Finance Department and God alone know who will be in a similar unfortunate position next year.

Sir, the next thing I should like to point out is that the artificial silk is not really silk. It is used in India as cotton. It competes with cotton and not with silk, and, therefore, the duty on artificial silk should be the same as the duty for cotton.

Now, coming to the silk, I fail to understand why a high tariff is put on silk goods. Whom do we want to protect? I ask, whether there has been any demand from any Local Government. The Tariff Board report clearly says that the Local Governments take no interest and the whole taxation is levied for the benefit of Mysore and Kashmir States. Will the Honourable the Finance Member tell us why the people of British India pay for the development of an industry which is, to a large extent, monopolised by Indian States. Have the Indian States responded to our demand? Have they joined us in the salt duty? Have they joined us in the Indian sugar consumption or cotton? If these States have no sympathy for us, it is too much for the Honourable the Commerce Member to ask us to show sympathy for them, for reasons which he himself understands.

Now, I come to hosiery industry. In the first place, hosiery is not manufactured in this country on a large scale. It is a protection of the capitalists and not the protection of the people. I do not understand why the common people should now pay 50 per cent. more than they have been paying for their vests. Sir, I may be pardoned if I say that the Honourable the Commerce Member perhaps does not know that the common people in India are so poor that they cannot afford to have regular garments. A large number of people do not wear anything except a vest and a piece of cloth wrapped round their neck. If the prices of vests are increased, these people will have to give up the use of these vests, simply because they will not be able to afford purchasing them. Indeed, the protection of hosiery is unnecessary, uncalled for and unjust. Sir, it is a tax on the poor for the benefit of the rich. But the most surprising feature of the story is that the Government themselves proposed a duty

of nine annas a pound, but the manufacturers, who, I understand, form a majority in the Select Committee, raised the duty from nine annas to 12 annas per pound. I am further surprised that the Government without any inquiry accepted the proposal of the majority. I have always been under the impression that the Government fix the maximum amount of customs duty for revenue purposes and leave it to the Select Committee whether it cannot be reduced for the benefit of the consumers. In this case, for reasons not known to me at least, the position is reversed. I do not like to enter into the details, as we will have the opportunity to discuss it when the specific duties are taken into consideration.

**The Honourable Sir Joseph Bhore:** Sir, I gather from the trend of the debate that there is no general desire to refuse consideration to this measure. Opportunity has, of course, been taken by certain Honourable Members and naturally to refer to certain general matters. Some of these certainly call for comment from me. Others, on the other hand, do not. Under this latter category, I would place the disquisitions on the theory and practice of protection which we have heard from Mr. Anklesaria and Dr. Ziauddin Ahmad. Now, Sir, their discourses may or may not have been illuminating. Far be it from me to pass judgment upon those discourses, but what I do say is this, that their discourses do not call for comment or criticism or explanation from me for the simple reason that this House, having remitted this Bill to a Select Committee, has committed itself to the principle of protection so far as it is embodied in this measure. The principle of protection embodied in this Bill is no longer, therefore, a subject open to criticism or comment at this stage.

**Raja Bahadur G. Krishnamachariar** (Tanjore *cum* Trichinopoly Non-Muhammadan Rural): On a point of order, Sir. I understand your ruling was that the only thing that had been decided by this Bill being referred to the Select Committee was that cotton textiles required protection. On the contrary, when we asked that an opportunity should be given in the Select Committee to discuss the propriety and the advisability of entering into both the Japanese and the Lancashire Agreements, I remember—and I am speaking subject to correction—you ruled that they were open to discussion; that the only thing that the House committed itself to was that the cotton textile industry required protection; and that how much, and when, all that had not been decided.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair did not hear the Honourable Member saying anything to the contrary.

**The Honourable Sir Joseph Bhore:** I said exactly what my Honourable friend is now saying.

**Raja Bahadur G. Krishnamachariar:** At any rate I heard my Honourable friend say that "the question of protection to the extent stated in the Bill" had been admitted.

**The Honourable Sir Joseph Bhore:** No, no, I never said so

**Raja Bahadur G. Krishnamachariar:** Then, Sir, there is no point in my point of order.

**Mr. N. N. Anklesaria:** I think my Honourable friend is entirely mistaken. This House has already ruled—*vide* the debate of the 19th February, 1926—that in a motion like the one I have made, the principle as well as everything about the Bill is open to discussion and that this House, which decided on the principle before the Bill was committed to a Select Committee, can go back on that position and discuss the principle of the Bill again.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Honourable Member wants a ruling and he shall have it. The Chair allowed considerable latitude when the Honourable Member was speaking this morning. Strictly speaking, a great part of his speech was absolutely irrelevant on this motion. There is a ruling already given. Speaking on the motion to consider the Select Committee Report on the Indian Coinage (Amendment) Bill, a Member proceeded to discuss the principle of the Bill and the Chair intervened and said:

“He is discussing the principle of the Bill, which has already been accepted by the House. The Application of the principle has been limited by the action of the Select Committee and it is only in respect of that limitation that any discussion is in order now.”

That ruling has been given, and the Chair proposes to follow that ruling strictly. That ruling is No. 110 in the book of rulings, page 86.

**Mr. N. N. Anklesaria:** What is the date of the ruling?

**Mr. President** (The Honourable Sir Shanmukham Chetty): That has absolutely nothing to do with the point at issue.

**Mr. N. N. Anklesaria:** Mine is a later ruling.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair has been allowing considerable latitude to Honourable Members in the discussions on measures that have emerged from the Select Committee. Strictly speaking, according to the ruling, which is perfectly correct and which the Chair proposes to follow, when once a Bill has been referred to a Select Committee and comes back, the general principle underlying the Bill is not open for discussion. It is certainly open to the House, when the question is put, to reject the Bill; but that does not mean that the House can reopen the discussion on the principle of the Bill. When the question that the Bill be taken into consideration is put to the vote, it is open to the House to reject it, but that is a different thing from saying that the House has a right to discuss the whole principle of the Bill once again. The Chair hopes that the ruling is now clear, and it thinks adherence to this ruling will facilitate the discussions.

**The Honourable Sir Joseph Bhore:** Sir, to resume, may I take this opportunity of pointing out to my Honourable friend, Mr. Das, that he was not quite right in his minute of dissent in describing this measure as a protection measure, so far as textiles were concerned, and a safeguarding measure, so far as the sericultural industry was concerned. It is, as a matter of fact, as much a protection measure in the case of the sericultural industry as it is a protection measure in the case of the textile industry, the only difference being that the amount of the protection in the case of

the sericultural industry has been calculated on a safeguarding basis. I hope I have cleared any misunderstanding that there might have been on that point. Sir, time is short, and I at any rate should set an example of economy in its expenditure. I will, therefore, postpone the bulk of the remarks that I have to make until the amendments come up for discussion. If, therefore, my Honourable friend, Mr. Mitra, finds that I do not take up at once the question that he has propounded to me in respect of yarn, I hope he will realise that I shall take an opportunity of replying more fully to it when we consider the amendment dealing with that particular matter.

Sir, Mr. Ghuznavi is a past master in the art of making reckless charges, and he has certainly proved himself one in this particular instance. I shall substantiate that statement more in detail when we come to the question of hosiery, but for the moment let me illustrate what I have said by reference to a single instance, namely, the case of the duty on raw silk. My Honourable friend suggested that in agreeing to raise the duty on raw silk, we did not know our own mind and we did not know the facts of the case. That, Sir, is entirely inaccurate, and it is a matter of some astonishment that my Honourable friend, knowing the facts of the case, should have levelled that charge. What were the facts of the case? The House is perfectly aware of the principle upon which we fixed the duty on raw silk. When the question was considered in Select Committee, it was pointed out that we had based the measure of protection on the prices prevailing from July to September, 1933. It was contended by Honourable Members that it was fairer for us to take a period nearer to the present time in calculating the quantum of protection. After discussing this matter, we agreed to take the prices prevailing in the three months December, 1933, and January and February, 1934. On the basis of the prices prevailing in those months, we raised the duty from 11½ annas to 14 annas. Does that justify the charge that has been levelled against us by Mr. Ghuznavi—that we did not know our own mind and that we were not acquainted with the facts of the case?

I take also equal exception to the criticism which has emanated from my Honourable friend, Dr. Ziauddin Ahmad, which he has given vent to in his minute of dissent—I mean, one of his minutes of dissent (Laughter) and which he has repeated on the floor of the House today. What he says is this:

“I also apprehend that the quota which Japan has got in the purchase of cotton will seriously affect the price level of cotton. Japan in future will control the price of the cotton market in India and the appreciation in the price level of cotton will be out of the question. This will very much handicap the agriculturists who are not getting at present the economic price for their cotton.”

Sir, if my Honourable friend had taken the trouble to ascertain the elementary facts of the case, I do not think he would have indulged in criticism which certainly does nothing to enhance his reputation. Let me point out to him what those elementary facts are. Those elementary facts are that for a very long number of years, certainly for more than ten years, Japan has been buying in this country more than one and a half million bales of cotton every year. In certain years her purchases went up to the figure of nearly two million bales. If, therefore, her purchase of 1½ million bales is going in the future



[Sir Joseph Bhore.]

to enable her to control the Indian market, then it is exactly what her purchases in the past for many years have enabled her to do. There is absolutely no change whatsoever in the position so far as that is concerned.

Then, Sir, another point was made. That is in regard to the control of freight space by Japan. Here also Honourable Members must realise that this control has been in existence for many years past. I should not care to say exactly how many years, but certainly for more than 20 years. It is absolutely nothing new. But when it was brought to our notice that the control of freight space was being used to the detriment of the Indian shipper,—and I think it was my Honourable friend, Sir Cowasji Jehangir, in his speech on the motion to refer this Bill to a Select Committee who drew attention to this fact—I say when our attention was drawn to this fact, we made a representation and we have received assurances that from this month the normal practice will prevail.

**Mr. H. P. Mody** (Bombay Millowners' Association: Indian Commerce): That is not correct.

**The Honourable Sir Joseph Bhore:** If my Honourable friend will substantiate his statement that the normal practice is not prevailing, I shall be happy to go further into the matter.

**Mr. H. P. Mody:** I shall.

**The Honourable Sir Joseph Bhore:** Then, my Honourable friend, Mr. Mitra, pointed out that the evidence taken by the Tariff Board had not been published. That is a perfectly fair and legitimate complaint to make, but I must bring to his notice and to the notice of the House that this evidence is in the hands of the Tariff Board. It is not in our custody. The printing up of the evidence is a matter for the Tariff Board itself. While I entirely agree that there should not have been this long delay in the printing up of that evidence, I must ask him and the House to absolve us of being responsible for the delay. As a matter of fact, however, I would bring to his notice that so far as I remember, in the case of three industries, at any rate, this House has given protection long before the evidence upon which the Tariff Board founded its recommendations was printed and published.

Now, Sir, I need hardly say very much in regard to the motion for circulation beyond stating that I must, of course, oppose it. The Mover, I am sure, has failed even to convince himself of the justification for his motion. The Bill has been before the public since the 5th of February, and there has not, so far as I am aware, been any demand from any responsible section of the public outside this House for further time to consider this Bill. There are obviously very strong reasons against delay in this matter. Protection to the industry will expire at the end of this month and the loss of this protection even for a few months will be disastrous so far as the industry is concerned and will certainly have a very damaging effect upon public revenues.

**Mr. N. N. Anklesaria:** Could not the period be extended?

**The Honourable Sir Joseph Bhore:** The allegation that the changes made in this Bill in the direction of increasing taxation are such as to call for circulation will not, I submit, stand serious examination. I have already referred to the case of raw silk. I have already given the reasons why we found it necessary to increase the specific duties from 11½ annas to 14 annas. Take, again, the case of silk piecegoods. It is perfectly true that our proposals have resulted in an increase of duties on certain kinds of silk fabrics; but, on the other hand, equally our rates of duties have resulted in putting down very considerably—in some cases by 100 per cent., or even more—duties on other kinds of silk cloth. Cotton hosiery, a subject which always seems to generate heat in this Assembly, I shall leave for the present, because I have no doubt that the matter will be gone into very carefully and very completely when the time comes to consider the amendments dealing with that subject.

I have only to say one thing more. I am sorry that my Honourable friend, Dr. Ziauddin Ahmad, found it necessary to reflect upon the attitude of the Bengal Government in regard to the sericultural industry.

**Dr. Ziauddin Ahmad:** I was only quoting from the Tariff Board report. I myself have no first hand information.

**The Honourable Sir Joseph Bhore:** I am authorised to say that there is no justification for the suggestion that the Bengal Government did not help adequately the investigations of the Tariff Board. I would also suggest that the appropriate forum for any charges against the Government of Bengal is the Bengal Council where those against whom those charges are levelled may be in a position to answer them. I have in my possession information which shows that for many years past now the Bengal Government have been spending something like 2½ lakhs of rupees a year on the sericultural industry in that Province. Having regard, Sir, to the financial condition of that Province, I think we must admit that that measure of assistance is very generous indeed.

I have nothing further to say at this stage. I move my motion and will refrain from saying anything in regard to details until the amendments are moved.

**Maulvi Muhammad Shafee Daoodi (Tirhut Division, Muhammadan):** Sir, I have been reading a good deal about the manner in which protection is given to the textile industry in British India. I have been trying to understand as to whether the principle of protection to which we have agreed is going to injure any other interests in our country. I do not say that the industrialists should not be protected, but let them not be protected at the expense of the consumers' interests. Recently I have been trying to find out as to what extent the interests of the consumers are in the mind of those who are in authority over this question. I have no doubt that the industrialists, who are very well organised, because they have their Chambers of Commerce and the Federated Chambers of Commerce, and so on, and so forth, are going to affect very seriously the interests of the consumers. Therefore, I thought it fit to raise my voice against the manner in which this protection is being given, and I am very thankful to you, Sir, for allowing me to take a few minutes out of the valuable time of the House. What I find is this.

[Maulvi Muhammad Shafee Daoodi.]

I understand that the Bill had been to the Select Committee and now it has come back from the Select Committee; we should, therefore, now confine ourselves to the changes that have been made by the Select Committee. But when I learn that the Select Committee has raised the taxes on certain articles over and above what the Tariff Board recommended, then certainly my suspicions grew much stronger and I felt that in the interests of the consumers I must study this question, and since then, I frankly admit that I have taken up this matter seriously. It appears to me that the Select Committee have gone beyond the recommendation of the Tariff Board, and, for that reason alone, I think the matter should now be circulated for eliciting public opinion . . . . .

**The Honourable Sir Joseph Bhore:** In what case has the Select Committee gone beyond the recommendation of the Tariff Board?

**Maulvi Muhammad Shafee Daoodi:** Item 158 (O), the old Bill says nine annas per pound whichever is higher, while here I find it is 12 annas per pound whichever is higher.

**The Honourable Sir Joseph Bhore:** Did the Tariff Board make that recommendation?

**Maulvi Muhammad Shafee Daoodi:** It will be found in the Report.

**The Honourable Sir Joseph Bhore:** Where?

**Maulvi Muhammad Shafee Daoodi:** In the very beginning, I said that I did not study this question very seriously before. I thought we have agreed to protection, and it was quite enough for me, and I thought those people, who were in the know would carry it out to its logical conclusion. But I find that the interests of the consumers are being sacrificed for the sake of the industrialists, and that is the reason why I have risen, and for no other purpose. I would like to tell the Members on the Treasury Bench that the consumers are by no means organised and they have no voice whatsoever. Even here, although lots of us do represent the rural population, we have not wisdom enough to combine together and form a strong rural party in order to defend their interests. For that reason the Honourable the Commerce Member told us just now that there was no voice here in the country against this measure. I ask, who could raise the voice when the rural population was not organised? It is we alone who represent the consumers and the rural population that could raise the voice. They have got no organisation outside the Assembly. The Honourable the Commerce Member should have thought twice before attacking us by saying that there has been no pronounced opinion in the country for sending this Bill back for eliciting public opinion. I submit, this is a fit case for sending the Bill back for eliciting public opinion when we have got suspicions of that nature in our mind that the organisation of the industrialists is taking advantage of the disorganised position of the consumers in the country. I hope that all those who represent the interests of the consumers, namely, the rural population, will stand as one in this matter and try to send back the Bill to the public and see what the result of the circulation is.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Will my Honourable friend inform me what were the reasons for increasing the rate of duty on hosiery from nine annas to twelve annas, contrary to the recommendation of the Tariff Board?

**The Honourable Sir Joseph Bhore:** My Honourable friend will have a full reply when we come to deal with that question.

**Mr. M. Maswood Ahmad:** I want a reply just now, so that I may make up my mind as to how to vote on this motion for circulation.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

"That the Bill, as reported by the Select Committee, be circulated for the purpose of eliciting opinion thereon by the 30th June, 1934."

The Assembly divided:

AYES—7.

Anklesaria, Mr. N. N.

Ghuznavi, Mr. A. H.

Krishnan achariar, Raja Bahadur G.

Maswood Ahmad, Mr. M.  
Roy, Rai Bahadur Sukhraj.  
Shafee Daoodi, Maulvi Muhammad.  
Ziauddin Ahmad, Dr.

NOES—51.

Abdul Aziz, Khan Bahadur Mian.  
Ahmad Nawaz Khan, Major Nawab.  
Allah Baksh Khan Tiwana, Khan Bahadur Malik.

Bajpai, Mr. G. S.

Bhore, The Honourable Sir Joseph

Chatarji, Mr. J. M.

Cox, Mr. A. R.

Dalal, Dr. R. D.

Darwin, Mr. J. H.

DeSouza, Dr. F. X.

Dillon, Mr. W.

Graham, Sir Lancelot.

Grantham, Mr. S. G.

Haig, The Honourable Sir Harry.

Hardy, Mr. G. S.

Herlett, Mr. J.

Hudson, Sir Leslie.

Irwin, Mr. C. J.

Ishwarsingji, Nawab Naharsingji

Jadhav, Mr. B. V.

James, Mr. F. E.

Jehangir, Sir Cowasji.

Joshi, Mr. N. M.

Lal Chand, Honv. Captain Rao Bahadur Chaudhri.

Lindsav, Sir Darcy.

Macmillan, Mr. A. M.

Meulcalfe, Mr. H. A. F.

Millar, Mr. E. S.

Mitter, The Honourable Sir Brojendra.

Mody, Mr. H. P.

Morgan, Mr. G.

Mujumdar, Sardar G. N.

Mukharji, Mr. D. N.

Mukherjee, Rai Bahadur S. C.

Noyce, The Honourable Sir Frank.

Pandit, Rao Bahadur S. R.

Parma Nand, Bhai.

Rafiuddin Ahmad, Khan Bahadur Maulvi.

Rajah, Rao Bahadur M. C.

Ramakrishna, Mr. V.

Ranga Iyer, Mr. C. S.

Rau, Mr. P. R.

Sarma, Mr. G. K. S.

Schuster, The Honourable Sir George.

Scott, Mr. J. Ramsay.

Sher Muhammad Khan Gakhar, Captain.

Singh, Mr. Gaya Prasad.

Singh, Mr. Pradyumna Prashad.

Sloan, Mr. T.

Tottenham, Mr. G. R. F.

Varma, Mr. S. P.

The motion was negatived.

**Dr. Ziauddin Ahmad:** Sir, on a point of order. Can an Honourable gentleman, who has himself given notice of this amendment, vote against it, without saying on the floor of the House that his signature was obtained by threat or undue influence or that he was convinced by the arguments on the opposite side?

**Mr. K. P. Thampan:** No, Sir; I have not got it.

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury). Then he is out of order.

**Dr. Ziauddin Ahmad:** Sir, I move:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (a) (a), the words and figures 'or 1½ annas per pound, whichever is higher' be omitted."

This is a question of removing a specific duty on yarn. When the Honourable the Commerce Member was making his speech, he said that I did not know even the elementary facts. It reminded me of the way in which Professor Hilbert used to explain his mathematical problems. Whenever any student went to him to get a problem explained, he would say "It is quite clear: this is this, and, therefore, the conclusion is all right". So, whatever is clear to him, unfortunately is not clear to everybody else. He said very clearly today that he was having certain communications with the Japanese Delegation on this point and probably the question is being settled, and if any other difficulty arises, he would attend to it . . . .

**The Honourable Sir Joseph Bhore:** My Honourable friend has entirely misunderstood me as usual. All I was referring to was the question of the control of freight space, not any question of control of prices of Indian cotton to which he referred in his minute of dissent.

**Dr. Ziauddin Ahmad:** I did not enter into that question in detail, because the control of freight will also control prices to a very large extent. But, at any rate, this fact is not quite as clear and is not an elementary proposition as my friend pointed out in this connection.

Coming to the question of yarn, I said at the beginning that I moved  
 1 P.M. this motion with great diffidence and doubt, because I have not settled in my own mind what is the correct attitude which we ought to take in the interests of all, and I do not think the Government are in a position to give us a satisfactory solution. This was inquired into partially by the Tariff Board, but their recommendations, as we read them, did not consider every aspect of the question. I said that yarn was a primary commodity for the handloom weavers and all the imported yarn was used almost exclusively by handloom weavers, and, therefore, it was very desirable that there should be no duty at all, so that we should lower the cost of production of the handloom weavers. On the other hand, we notice from the same figures that a very large quantity is supplied by our spinning mills to handloom weavers, and, therefore, in the interests of the handloom weavers themselves, we cannot allow spinning mills to die out. Therefore, we have to protect them to a certain extent and we also desire to lower the prices of yarn. The other difficulty which arises is the competition between the mills and the cottage industry. If you make the price of yarn more expensive and the handloom weavers purchase them from spinning mills, they pay really for the rolling, for the freight and all the other charges and they pay much higher prices than the weaving mills will pay. The weaving mills are

mostly spinning mills also; they make their own yarn, and afterwards they simply transfer them mechanically from one place to another. As I said, the handloom weavers will have to pay the price of rolling, the price of freight, etc. Therefore, the handloom weavers will be placed in a disadvantageous position as compared with the mills in this country; and, of course, the mills have got certain advantages over handloom weavers on account of their cheap labour, because, what a machine can do, the hands can never do at the same price. It costs more, and now the cost of yarn will also be more. Consequently, we have really to find out a position of equilibrium in which on one side we safeguard the interests of the cottage industry, we safeguard the interest of the spinning mills, and, above all, we should not place the cottage industry or handloom weavers in a position of disadvantage compared with the mill industry. These are the two very important points on which we must have some kind of solution. I regret that whatever I have read in this connection in the Tariff Board Report is not convincing. They have not studied the question as thoroughly as the circumstances demanded, and I hope and request that the Government would soon appoint some person, may be a Tariff Board or a special officer, to study this question.

As regards the increased protection, I notice that, with the present amount of protection and the duty that we have imposed, the spinning mills are making good progress. On page 37 of the Tariff Board Report, Table 38, it is pointed out that the Indian production is gradually increasing. In the year 1932-33, it rose to 1,016 million pounds. Even with the present duty, they can manage and they can go on increasing their entire production . . .

**Mr. G. Morgan:** May I ask, if the Honourable Member is referring to spinning mills or spinning and weaving mills? *a*

**Dr. Ziauddin Ahmad:** The weaving mills spin and use their own yarn. I am talking of the spinning mills, whether they exist as separate concerns, or as part of the weaving mills, but I am not dealing with the weaving machine now. As I was saying, we have to find out some position of equilibrium so as not to place our cottage industry in a disadvantageous position. The handloom weavers are already suffering a great deal on account of this duty, and it is not desirable that we should allow them to increase their cost of manufacture. These handloom weavers have to compete with Japanese cloth, they have to compete with our own mills, and they are now almost on the verge of extinction. Therefore, Sir, unless we take special measures to safeguard them and to help them to reduce the cost of production, they will be completely wiped out of existence. Sir, we see from experience, when going about our constituencies, that the general condition of these handloom weavers is really very bad. They are not able to make the two ends meet. The cost of production is much more than the price which they can fetch in the market for their articles, and, therefore, we must try our level best to diminish their cost of production, and to lower the prices of articles which these people require, and, as was previously suggested, we should also try to organise some kind of co-operative methods by means of which the profits of the middlemen may be avoided. This is really a very important proposition, and we should, therefore, try and find out some solution for the difficulty. The spinning mills are getting on well under the existing duties.

[Dr. Ziauddin Ahmad.]

It is not necessary to increase the duties in this case, but if unfortunately Government decide to increase this duty and tax the handloom weavers, then it will be very desirable that we should tax the Indian mills to the same extent by levying some kind of excise duty, so that they may be placed in the same position as the handloom weavers. But if you adopt an expedient which will secure to the mills an additional advantage over the handloom weavers, it will not be to the advantage of the country; it may be to the advantage of a few manufacturers, but it will not be to the advantage of the people as a whole.

Sir, I emphasised some time ago, and I emphasise it again, that this is a proposition to which the Government should give serious attention. They should investigate the matter and find out a just solution by means of which the interests of all these three different parties may be safeguarded, that is to say, the mill industry, the weaving industry and the handloom weaving industry. Some people suggested by way of a joke that we should try to make more yarn by means of our hands, and the person who made this suggestion went so far as to say that we ought to provide some *Charkas* in the Lobbies, so that those Members, who find it rather inconvenient or difficult to sit in the Chamber the whole day and attend to the debate, may have something to do in the Lobby and go on weaving. If this suggestion is accepted, probably a few of these *Charkas* can also be usefully provided to nominated Members who come from the Provinces, because they have got absolutely nothing to do, and this is really one of the best ways of spending their time. I know that in one case the wife of one of the Members suggested that if some of us found our time hanging heavily on us and did not know what to do, this was the best way of spending our time. The suggestion was made by way of a joke, but I think it really has some value and is worth serious consideration.

Sir, before I sit down, I once again emphasise that the Government should realise the importance of this problem, and they should thoroughly investigate it in the interest of the handloom weavers and also in the interest of the spinning mills. With these words, I move the amendment.

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury): Amendment moved:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (ii) (a), the words and figures 'or  $1\frac{1}{4}$  annas per pound, whichever is higher' be omitted."

**Mr. M. Maswood Ahmad**: Sir, there is not the least doubt that this duty greatly affects the poor handloom weavers. Really I should like to know what is the object of Government in introducing this duty unless they want to kill this industry. The attempt that is sought to be made to feed the millowners at the cost of the poor handloom weavers is not at all a sound proposition; it is rather a cruelty, because the poor handloom weavers in these days are already in a very difficult position. Nobody can deny it.

If you will refer to the amendment, you will find that the Government have proposed that the duty on yarn on counts of 50's and below of British manufacture should be levied at the rate of five per cent or  $1\frac{1}{4}$  annas

per pound, whichever is higher. Sir, this measure is not for revenue purposes alone; rather it has been stated by Government on several occasions that this is a protective measure, and we must, therefore, examine it and see whether this particular item required at any time before or it requires now any kind of protection or not. If you will refer to the Tariff Board Report, you will find this is what they say at page 159:

"We are given to understand that the hand weaver uses no imported yarn of counts below 30's and that practically all the imported yarn of counts above 30's must be used by the handloom industry. In this case the hand weaver must use about 30 out of the 31 million lbs. of yarn imported; and the proportions of his total consumption will be as follows:"

In this connection, they have given a Schedule in which they state that the handspun yarn used comes to 24 million pounds, the mill yarn used amounts to 311 million pounds, and imported yarn used amounts to 30 million pounds. It will be observed, Sir, that a much larger quantity of mill spun yarn is being used by our handloom weavers, and there is practically no competition with foreign yarn in this country. Had there been any great competition, the natural result would have been that a large quantity of foreign yarn would have been used by the handloom weavers. But, Sir, the imported yarn which is used is only 8.2 per cent while, 85.2 per cent of the mill spun yarn has been used by the handloom weavers. Further, you will find that Government have proposed this 1½ anna specific duty for counts below 50's, and, if you will examine the different kinds of counts used by handloom weavers, you will find the result as follows:

Counts.	Percentage of total production.
10's . . . . .	15.1
12's . . . . .	6.0
16's . . . . .	49.2
20's . . . . .	23.0
32's . . . . .	4.3
40's . . . . .	2.2
Higher counts . . . . .	0.2

When we consider the case of counts 50's and above, we find the percentage practically nil, or, at most 0.1 per cent.

If that is the case, you will find that the specific duty is really for 99.9 per cent of yarn used by the handloom weavers, and when Government say "cotton twist and yarn, and cotton sewing or darning thread of counts above 50's . . ." it is all useless, because, only .1 per cent of the yarn above 50's is used by the handloom weavers. If you read what the Tariff Board itself says about this competition:

"In regard to counts 24s and below there is hardly any competition between Indian Mill yarn and imported yarn. In counts 30s and 32s the bulk of the yarn used by the handloom industry is obtained from the Indian mills; but a certain amount of Japanese yarn is preferred on account of its quality. . . ."



[Mr. M. Maswood Ahmad.]

You will find that these counts which are used, though it is of a very small quantity, are not used because the prices are cheaper, but, as the Tariff Board has itself admitted, by reason of its quality:

".....even though the price is apt to be slightly higher than that of Indian yarn."

Between 30's and 32's you will find that the price of the foreign yarn is already high, and the price of those below 24's is very high for the imported yarn:

"In counts of 40s and above there is very keen competition between the Indian mills and English and Japanese imports. Indian prices are generally so regulated as to be slightly lower than the prices of Japanese yarn."

When the price of the Indian mill yarn is cheaper, when the handloom industry is using a large quantity, about 85 per cent of the Indian mill spun yarn, what is the use of protecting this particular item? If Government will stop this small quantity of imported yarn by means of this specific duty, what will be the result? The result will be that the Indian millowners, who, in spite of having so much money, want more money, because it has been seen that those who have got sufficient wealth are eager to have more wealth, will naturally increase the price of the yarn which is required by the handloom weavers. Sir, the price of imported yarn will go up by means of this specific duty, and when the price of the imported yarn goes up, naturally the prices of the Indian mill spun yarn will be raised by the millowners. They will be fed no doubt, but at whose cost? They will be fed at the cost of the handloom weavers, and, further, at the cost of the consumers, because, when these handloom weavers will not be able to get their yarn at a cheaper rate, they will certainly raise the price of their cloth. Sir, by this measure the handloom weavers will suffer and the consumers will suffer. Further, in this case, where is the ground for protection, what is the need for protection when there is absolutely no competition with the foreign market? So, whatever conclusion the Government might have reached in the matter, there is absolutely no justification for recommending any protection or any specific duty in this way, because the Tariff Board themselves say that there is absolutely no competition for yarn up to 24's. There is a bit of competition between 24's and 40's, but that is not because of prices, but because of quality. If that quality is not produced in India and, it is not easy for the handloom weavers to use the inferior quality above counts 30's, because they are not skilled labourers, they learn the thing at their homes, and they generally require a better quality of yarn, and for that reason they use a very small quantity of imported yarn above counts of 30's. So, in my opinion, this is a very just amendment, and Government must consider this point when there is no need for protection. They should not place an extra burden on the handloom weavers when they are already under a great burden. I do not want to go in detail into that question which the Tariff Board has dealt with in this Chapter about the handloom weaver's troubles.

**Mr. G. Morgan:** I do not quite follow my Honourable friend, Mr Maswood Ahmad's case. The Bill provides, as I understand it, for a reduction of the present duties for counts above 50's, and, in the item under discussion, there is a reduction from  $1\frac{1}{2}$  annas to  $1\frac{1}{4}$  annas on

counts 50's and below of British manufacture. So that I cannot see how a case can be put up for the handloom industry that they are suffering an injustice under this particular Bill. I shall be merely accused of pleading the cause of the capitalists which is my unfortunate role in this House, but I should like to point out that the indigenous spinning industry is at the present moment in a very bad state indeed. As far as the spinning mills on my side—I come from Bengal—are concerned, there is one mill completely closed . . . . .

**Mr. A. H. Ghuznavi:** What is the name of that mill?

**Mr. G. Morgan:** Another has shut down all spindles ordinarily run for bundling the yarn, and a third one is on short time with a steadily increasing stock of yarn. This is more or less the position of all spinning mills.

My Honourable friend's contention is that the interests of the handloom industry and the indigenous yarn spinning industry may be regarded as being opposed. But, I think, if you examine the position a little more closely, you will find that their interests are by no means opposed. It is contended, and correctly, that any import duty imposed for assisting the spinning industry reacts unfavourably on the handloom industry by raising the cost of yarn to the handloom weaver. Under this Bill, there is no question of raising what they are paying at present, and, as far as I know, the handloom industry is not doing at all badly. On the other hand, if the indigenous spinning industry is not sufficiently protected, ultimately it will be extinguished. There can be no doubt about it at all, that unless the spinning industry is sufficiently protected—of course, under this Bill, in our opinion, it is not sufficiently protected, I merely enter that as a protest,—there is no doubt that these purely spinning mills will have to cease to exist. Their only alternative would be to go over to weaving which means investment of considerably more capital, and it is doubtful whether they would be able to use all the spindles which are at present in existence. But if they go over to weaving and the handloom industry in India is deprived of that supply of bundled yarn, then the handloom industry must depend on the import of foreign yarn, and ultimately it will be entirely in the hands of China and Japan, particularly China. China is now the largest importer of yarn. The question is, would it not be preferable to keep alive the indigenous spinning industry which is a big industry in Southern India and Bengal, and part of the Bombay and Ahmedabad Mills, to keep that alive at a small cost with a very large protection to the cloth of the handloom weaver in conjunction with the Ahmedabad and Bombay weaving mills under this Act, would it not be preferable to keep alive the mills which at present are spinning bundled yarn for the use of the handloom industry? Would it not be preferable to keep those mills in existence? We hold that, with the death of the indigenous mills in this country, the handloom industry will put itself entirely into the hands of foreign imported yarn. I do not think myself that that is at all a satisfactory position to be in. The actual result of the death of the spinning and sale of bundled yarn would be that these mills, if they could get the extra capital, would have to enter into competition with woven material which is not to the benefit of the handloom weaver. From the figures that we have got, there is no doubt that there is a very intensive and unfair competition from China and Japan in this yarn and China seems to be getting almost the entire control of the import

[Mr. G. Morgan.]

trade in that class of yarn. I do not think any case has been made out by my Honourable friend, Mr. Maswood Ahmad, because as I said, under the Bill relief is given to a certain extent. I, therefore, oppose the amendment.

**Mr. A. H. Ghuznavi:** I have always opposed high tariff on yarns, because that affects and must affect the handloom industry. In 1927, five per cent. duty was imposed on Japanese yarn and I opposed it, because it affected the handloom industry. Most of the handloom weavers in Bengal use counts 50's and below, and, therefore, any high tariff on this count will affect the handloom industry in Bengal. My friend, Mr. Morgan, just pointed out that one of the spinning mills in Calcutta has closed. I understood that protection is to be given only to infant industries and not to mills which have long been established. I do not know if it belongs to the New Ring, but even if it does, the new ring must have been in existence for over 20 years, and, therefore, surely they need no protection by high tariffs. Again, the same question of inefficiency arises. If, in 20 years, they cannot compete with foreign yarns, I can only say that they should not exist. I, therefore, support the amendment.

**An Honourable Member:** Is there a quorum, Sir?

(The Bell was rung for a minute, and Honourable Members came in.)

**Maulvi Muhammad Shafee Daoodi:** I rise to support the amendment moved by Dr. Ziauddin Ahmad, but, while supporting his amendment, I want to draw the attention of the House to a different point altogether. I have been comparing the duties as they existed and the duties that have been proposed by the Tariff Board and the duty as has been recommended in the Bill itself, which is under discussion.

Now, here is an instance which I would place before the Honourable Member for his explanation. There might be some mistake on my part in understanding it. The position is this. This item of the present Bill 158 (ii) (a) counts 50's of British manufacture which we are discussing is in Statutory Schedule 44. These two are identical. It is difficult for a layman to lay his finger exactly on these points, but I believe that 44 is the right number in the Report of the Indian Tariff Board regarding the grant of protection to the cotton textile industry. Now, here on page 198 in the Schedule, we find that the duty proposed by them is one anna per pound or the *ad valorem* rate of revenue, whichever is higher. What is proposed in the Bill is not one anna, but something higher than that. It is 1½ annas per pound whichever is higher. This is an instance in which I find that the recommendation of the Tariff Board has been exceeded by one-fourth of an anna. Of course, I do not find any explanation of this increase in the duty either in the speech of the Honourable the Commerce Member or anywhere in the Report itself. Such instances I could point out in many places in the course of the debate, but here is one in which I say it has gone against the Tariff Board report and it is not to the advantage of the consumers or the handloom weavers. Therefore, I support this amendment.

**The Honourable Sir Joseph Bhore:** Sir, this is an article in regard to which there is a certain difference of opinion. In the Select Committee, some Members were in favour of reducing the duty; others were in favour of increasing it, and, with your permission, Sir, I would like to set out the position of the Government in the matter.

Now, let us deal first with counts above 50's. I would like to point out that the Indian production of yarns of counts above 40's constitutes only about 3·7 per cent of the total production of Indian yarn. Therefore, the production of counts above 50's must be infinitesimal. We have, therefore, come to the conclusion that as all these imported finer counts are almost entirely used by the handloom weaver, there can be no justification for putting a higher duty on these finer counts of yarn than that proposed in the Bill. Therefore, in respect of counts above 50's, we have accepted the recommendation of the Tariff Board and we are reducing the duties to the *ad valorem* rates of 5 and 6½ per cent.

Now, let us take the case of yarns of 50's and below. Here I would like to deal, as I promised my friend, Mr. Mitra, that I would, as comprehensively as I can with this subject, and with the demand of the industry here for a larger measure of protection than we are giving. Now, what have we done in respect of these counts? Actually, Sir, we have reduced the duty in respect of British yarns from 1½ annas to 1¼ annas. That has been done in pursuance of the agreement entered into between the Mill-owners' Association, Bombay, and Lancashire.

**Maulvi Muhammad Shafee Daoodi:** It is only 1½ annas—not 1¼ annas—so it appears?

**The Honourable Sir Joseph Bhore:** We have reduced from 1½ annas, the existing rate, to 1¼ annas in respect of British yarns.

**Maulvi Muhammad Shafee Daoodi:** The existing rate seems to be 1½ annas per pound, or whichever is higher?

**The Honourable Sir Joseph Bhore:** My friend has overlooked the surcharge which brings it up to 1½ annas.

Now, Sir, our reason for not acquiescing in the demand for increasing the duty are two. In the first place, we contend that the industry did not make out any case for enhancement of the existing rate. It had the fullest opportunity to do so. The Tariff Board issued its questionnaire, and if the industry failed to place its case before it, it cannot now come to us and ask us to do the whole work of the Tariff Board over again. Then, our second reason is that we are, in respect of foreign yarns, justified in continuing the present rate of duty.

Now, what has been the effect of the present rate of duty so far as the spinning industry of the country is concerned? The effect, Sir, has been this. Firstly, there has been an almost steady decline in foreign imports of yarn, except for one year when there was a very large influx due to the heavy depreciation of the yen. After that, the imports have begun to go down again. Secondly, the home production has steadily increased and the yarn available from this source for the handloom weavers has grown from 324 million pounds in 1926-27 to 420 million in 1932-33. We, therefore, hold, Sir, that there is really no case for increasing the

[Sir Joseph Bhore.]

duty beyond what exists at present. Equally we feel that no case has been made out for reducing the duty on foreign yarns of 50 s and below. Our reason for that opinion is that we went into this question very carefully at Simla when we were considering it in connection with the Indo-Japanese Agreement and that the representatives of the handloom weavers assured us that the handloom industry could stand an even higher rate of duty, provided it were possible to organise co-operative buying and selling of yarn and the finished products. As the House is aware, we have undertaken to subsidise schemes which will, we hope, result in the improvement of the handloom industry along these lines. I would also bring to the notice of the House the fact that the reduction of the duty on foreign yarn by a fraction of an anna is hardly likely to benefit the handloom industry very greatly, because it is very doubtful whether this decrease or the whole of it will actually be passed on to the weaver. We feel that he would benefit far more through plans that, we hope, we shall be able to put in motion for the betterment generally of the handloom industry. Sir, I oppose the motion.

**Mr. Deputy President** (Mr Abdul Matin Chaudhury): The question is:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (u) (a), the words and figures 'or  $1\frac{1}{4}$  annas per pound, whichever is higher' be omitted."

The motion was negatived.

**Dr. Ziauddin Ahmad**: Sir, I beg to move:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (u) (b), the words and figures 'or  $1\frac{1}{4}$  annas per pound, whichever is higher' be omitted."

Sir, my intention in moving this motion is not to give 25 per cent preference in this specific duty to the British manufacturer. We agreed to give a preference of ten per cent. In the previous case, they have got a preference of 25 per cent in the case of the British manufacturer. Here we find that we have for British manufactures also a preference of 25 per cent. And even this 25 per cent preference and one-fourth comes to  $\frac{1}{4}$  and  $1\frac{1}{4}$ ths if we follow even the 25 per cent preference. Is that not right?

Sir, I think we ought to stick to one principle—the principle that we should give a preference of ten per cent to the British goods as we had settled previously. No doubt we are reduced to a very difficult position on account of the competition with Japan and on account of the depreciated currency of that country, and it is high time now that we should revise our old treaties and it is time we ought to revise our "most-favoured-nation" clause. We are now living in entirely different times. The Fiscal Commission has also recommended the revision of these treaties and of our trade relations. We have emphasised from this side that the position has so much altered now in the world that we cannot have the same clause for all the countries. For example, take the case of Germany, Italy, France and Switzerland which are still on gold standard. We find that we have already given them a discount of 35 per cent on account of their appreciated currency, and, if we give them another 25 per cent, then it will come to giving them practically a benefit of about 60 per cent which

is really an enormous amount as compared to the United Kingdom. It may not look very much if we compare it with Japan whose currency has been depreciated, but if we compare this preference with other European countries, then we will find that they are put in a position of great disadvantage. In the first place, they are in a great disadvantage because of their currency, the value of which is about 35 per cent, and, with the additional preference of about 25 per cent, it becomes enormous. So, whatever rules we frame by keeping Japan in our mind they would affect very prejudicially our trade relations with the gold standard countries in Europe. I think the time has now come when we should holdly and definitely get out of the old treaties and treat each country on its own merits. We know that it is very difficult now to frame a rule which may be applicable to Japan on the one side, and Italy, Germany, France and Switzerland on the other. If the former has got a very much depreciated currency, then the latter have appreciated currencies. So, if we put the standard duty, keeping Japan in our mind, then it will affect very prejudicially our trade relations with the other countries. If on the other hand, we keep these European countries with gold currency in our mind, then, instead of giving them some preference in the positive quantity, we will have to give preference in the negative quantity, because England has already got a preference of 35 per cent on account of her depreciated value of the sterling. I think we ought to find a solution of this difficulty and we cannot go on legislating here which may affect seriously our relations with the other countries of the world. We are not living in India only with reference to England and Japan as we have got our trade relations with all the countries of the world. Therefore, we cannot think of all other countries in terms of Japan and the United Kingdom only. Therefore, the standard rate that we have fixed has been fixed by keeping in our mind Japan only and we have neglected entirely our relations with the other foreign countries. This enormous preference which we are providing here will work out in the case of these other countries to something like 60 per cent which would mean that we are really going to cut off our trade relations with those countries. If we do so and if we do not buy from those countries, then we cannot expect them to buy from us. It is well known that Germany is a very good buyer of most of our products, especially hides and skins, and many other articles. If we put up this barrier and regulate in this manner, then it would be very difficult for these countries to buy from us if we do not buy from them. It is not by way of retaliation but it is a simple formula that a country cannot buy from another country if it has nothing to sell to this country, because the flow cannot always be one-sided. It must sooner or later dry out altogether. Therefore, we have to make out two distinct formulæ, one for those countries which have an appreciated currency and the other for those countries which have got a depreciated currency. Therefore, we must treat the value of each currency on its own merits, whatever the value of each may be in the market. When we begin to frame rules on the basis of the "most-favoured-nation" clause and treat all the countries alike, we will reduce ourselves to a position of very great disadvantage to India.

**Mr. B. Das:** What is your concrete suggestion?

**Dr. Ziauddin Ahmad:** My friend, Mr. B. Das, asks me what is my concrete suggestion. My suggestion is: Do away with your "most-favoured-nation" clause and think of the modern times and cease to

[Dr. Ziauddin Ahmad.]

think of what existed before the war. Then you can make your rules keeping Britain on one side and the rest of the world on the other. You divide into two or three groups and have the duties in accordance with the value existing in that particular country and that will be the solution of your difficulty. We are prepared to give a preference of ten per cent to British goods and we are committed to it, and we do not want to withdraw it. We want to visualise in our mind the effect of the Ottawa Agreement. At the same time, this ten per cent should be above the standard rate. Now, the question is, what is the standard rate? Is the standard rate the rate of Japan or is it the rate of other countries of the world? Here we find that the two things are entirely different and the time has now come when we should boldly take up this problem and find out a solution, so that we may be able to keep our trade relations with the other countries of the world. I think we cannot delay this solution for long, and probably our agreement with Japan would have been very much simplified and we would probably have come to a quicker and more efficient solution had this "most-favoured-nation" clause, which is an antiquated and out-of-date clause and to which nobody in these days would like to adhere to, had not been always standing in our way. Therefore, I suggest in my amendment that we should now revise our treaties. We should definitely fix the standard rate keeping in our mind the other European countries and have a special rate for those countries whose currency is very much lower like Japan and possibly America, which may be put in later on if they continue to lower the value of their currency. America, as we all know, is a very difficult country to deal with. We do not know how things are working there and how they will end. So, I would at this stage leave America alone till we are in a position to visualise in our mind what they are leading to. What I wish to emphasise in this motion is that the time has now come when we should not consider the United Kingdom as one group and the rest of the world as another group. We have really got to divide the countries into several groups according to the value of the depreciation or the appreciation of their currencies, and take up each problem on its own merit. That is the real point I want to emphasise particularly, and, then, I say though a duty of this kind may be justifiable if we take Japan as our standard country, but if you take other European countries as our standard country, then a high rate of preference, to my mind, is not justifiable. Sir, I move:

**Mr. Deputy President** (Mr. Abdul Matin Chaudhury): Amendment moved:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (ii) (b), the words and figures 'or 1½ annas per pound, whichever is higher' be omitted."

**Mr. B. Das:** Sir, the House is grateful for the very learned speech which Dr. Ziauddin Ahmad delivered just now on the "most-favoured-nation" clause agreement, when not only the twins on the Treasury Bench, the Honourable Member for Industries and Labour and the Honourable the Commerce Member are present, but also I feel very happy to note that the Foreign Secretary and the Honourable the Finance Member are present on the floor of the House. But the Honourable the Law Member, though he is present, is not affected by this discussion. I

was wondering whether my Honourable friend, Mr. Metcalfe, would raise any point of order, because, I know what happened to a certain motion for adjournment of mine where India claimed certain privileges to sign commercial agreements with Japan. Sir, situated as we are and dictated to as we are from Whitehall, whether this Government could repudiate the "most-favoured-nation" clause agreement with European countries, as my friend, Dr. Ziauddin, asked them to do . . . .

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

. . . ., as my Honourable friend. Mr. Metcalfe, did not raise any point of order or ask the ruling of the Chair not to permit my Honourable friend, Dr. Ziauddin Ahmad, to continue his discourse on the "most-favoured-nation" clause agreement, I felt inclined that Dr. Ziauddin Ahmad was in order in raising that point.

About the other points, namely, the manipulated currency of the European countries and also most of them remaining on the gold standard, and as to how they are affected by this "most-favoured-nation" clause treatment, Sir, I do not know in the Foreign Department and the Finance Department will ever join hands from financial view points and regulate the foreign policy of the British Government or the Government of India. Sir, one thing struck me whether Germany, although she buys cotton, exports any yarn to India. As far as I could gather from the statistics, Germany does not export any yarn. It is Japan that exports yarn, not that I am a lover of this "most-favoured-nation" clause treatment, but, Sir, it has come into existence by agreement, and though I am not very much enamoured of it, it has been agreed to not only by the Government of India, but by the Government of Japan, by the representatives of Indian commerce, the Indian cotton growers and various other sections. So, I do not know whether the Government at this stage will accept the suggestion of my Honourable friend, Dr. Ziauddin Ahmad, but I would suggest to him to raise a special discussion on this particular aspect of the "most-favoured-nation" clause agreement which he raised cursorily just now. I would very much welcome such a discussion as it would enable my Honourable friend, Mr. Metcalfe, to bring out from the archives of the Foreign Office the rules and regulations which the "most-favoured-nation" clause agreement enjoin on us. Sir, as regards the merits of this amendment, I am opposed to it.

**Mr. G. Morgan:** I am not going to make a speech on this amendment, but I rise to oppose it. The present rate in the Bill is the  
 5 P. M. rate which is at present in existence. From what I have said before on the previous amendment, my case is that even with the present duty, the spinning industry cannot survive. So, under these circumstances. I can only repeat what I have said before, and oppose this amendment for the omission of "1½ annas per pound".

**The Honourable Sir Joseph Bore:** I am afraid I must oppose this amendment for the simple reason that my Honourable friend has not established the proposition which he should establish if he desires his amendment to be carried. He wants the words and figures "1½ annas per pound" to be omitted, but he has not endeavoured to show



[Sir Joseph Bhoze.]

that the resulting duty would operate as a sufficient measure of protection for the Indian industry. On what grounds, therefore, he has moved for the elimination of these words, it is difficult to understand. Sir, I am afraid my Honourable friend has failed to establish his case, and I must oppose his amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (u) (b), the words and figures 'or 1½ annas per pound, whichever is higher' be omitted."

The motion was negatived.

**Mr. A. H. Gauznavi**: Sir, I beg to move:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 (v) (a), the words and figures 'or 4½ annas per pound, whichever is higher' be omitted."

This refers to grey piecegoods (excluding bordered grey *chudars*, *dhobies*, *sarees* and *scarves*). I think that a 25 per cent. *ad valorem* is a sufficient protection for our friends from Bombay, and I do not think, in the interests of the consumers, a higher protection than that should be given. With these words, I move:

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved.

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 C (i) (a), the words and figures 'or 4½ annas per pound, whichever is higher' be omitted."

**The Honourable Sir Joseph Bhoze**: Sir, I am afraid I must oppose this amendment for the same reason for which I opposed the amendment of my Honourable friend, Dr. Ziauddin Ahmad. The fact of the matter is that the rate of duty in the Bill is the rate of duty actually in existence and the onus must, therefore, rest upon anybody who wishes a lower rate of duty to justify it. My Honourable friend has not attempted to show that a lower rate of duty would provide the necessary protection in this case, and I must, therefore, contend, Sir, that he has failed to establish his case. Sir, I oppose the amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 C (i) (a), the words and figures 'or 4½ annas per pound, whichever is higher' be omitted."

The motion was negatived.

**Dr. Ziauddin Ahmad**: Sir, I beg to move:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158 C (i) (b), for the figures '50' the figures '35' be substituted."

I shall briefly explain this to the House. In the case of grey piece-goods, there is a duty of 25 per cent for the British goods, and for non-British goods the duty is 50 per cent. My amendment wants that this duty of 50 per cent. should be reduced to 35 per cent. on non-British goods, so that the British goods will have a preference of only ten per cent. According to the proposal of the Bill, the preference is 25 per cent which I want to reduce to ten per cent. That is really my motion. This figure of 50 per cent was put in on account of the consideration of Japanese competition due to her depreciated currency, but, now, by giving them a quota, the position has changed. I believe what would happen immediately would be that Japan will divide this quota among her own mills, and each mill will probably fix up the prices by the consideration of the Indian products, and there will not be the same kind of competition as existed in the past; because, when the quota is fixed, there is no occasion for them to undersell their goods and they will try naturally to fetch the full value of their articles. One of the results of the quota, which I ought to have pointed out previously and I point out now, is that the cloth which we were getting cheaper on account of their internal competition will now be sold at more expensive rates. That is, the benefit which the Indian consumers so far enjoyed will now go to the Japanese manufacturers, and that is really one of the results of this quota system. So there will be no incentive to them to sell at competitive rates. They will fix their own prices. People may say that they will not purchase them, but still they will fix them at a rate which would be cheaper than the production of the Indian mills, and we know that the Indian mills are not manufacturing at the same economic rate as the Japanese mills are doing. Their cost of production will be ten per cent lower than Indian mills, but they will not offer the cheap rates which they are offering now. Therefore, whatever we have been considering in our minds, the lower value of this cloth so far will no longer be there after this quota has been given, and the Japanese will now try to get the full value of the cloth which they send, from the Indian consumers. In fact they would be better off, because, by selling 400 million yards of the cloth, they will get more benefit out of this than they would probably do in normal conditions by selling more goods. Therefore we will pay the same price for smaller quantity. After this agreement about the quota, I take it that there will be no competition in prices. Japan will try to have the full value of their prices. And, therefore, the whole question on which this preference of 25 per cent was fixed has now disappeared on account of our agreement with Japan; and, in the case of goods from European countries, I have already said that they are suffering under a great disadvantage on account of the appreciation of their currency. We have already given them a discount of 35 per cent or a benefit of 35 per cent to the United Kingdom, and then this additional 25 per cent will tell on our imports from those countries and will certainly affect our trade relations with them. Therefore, even without waiting for the revision of the treaties, without waiting for the reconsideration of the "most-favoured-nation" clause, in this particular case we go ahead and we can safely assume that after giving the quota, there will be no hard and unfair competition with Japanese goods. They know that India will have to purchase, because their prices will be slightly lower than the prices which the Indian mills could possibly offer, and, therefore, they will try to get the full value. Consequently,

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to put a very heavy duty on them would unnecessarily increase the burden on the Indian consumers. I, therefore, beg to move that the preference to British goods should be ten per cent more, than what is already agreed upon in Ottawa agreement, and, in this particular case, a preference of 25 per cent is not needed, and it will seriously affect our trade with the other European countries. I, therefore, beg to move that this 50 per cent should be reduced to 35 per cent

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, in Amendment No 9, in the fourth column of the proposed Item No. 158 C (i) (b), for the figures '50' the figures '35' be substituted."

**Mr. M. Maswood Masud.** Sir, I want to say in this connection that really this difference between grey piece-goods of British manufacture and of non-British manufacture is too much. You will find that 25 per cent has been proposed for goods of British manufacture and for goods of non-British manufacture 50 per cent which is too much.

Sir I understood, when this 25 per cent was mentioned, that they are giving some preference like 25 per cent of the duty on non-British manufacture to British goods, and if this preference is given to British goods even up to 25 per cent of the duty, it cannot come to 50 per cent; because 25 per cent of 25 per cent should be 6½ making the duty for British goods 31½ per cent. But what Government have done is that they have given a preference of the 25 per cent of the *ad valorem* duty. It is very high and unreasonable too, because, by this means they want to increase it from 25 to 50 per cent. It means that they give a cent per cent preference and the ratio between the preference to non-British and British goods comes to two to one. It is very hard. Statistics in the possession of Government show that actually the other countries are boycotting our goods. Certain friends who have come from America and who have got certain information say that these people clearly say that as we are preferring other goods and we are not prepared to purchase their goods, they cannot purchase our goods. Really the barrier of two to one is very high and it means that practically we do not want that any goods other than British should come to this country. Statistics will show that our trade with Germany, Japan and other countries is going down since the Ottawa Pact, and since the other preferences, which we have given to British goods, all the commodities which we export from India are going down and the ratio of our goods which go to the United Kingdom really does not compensate the loss which we are bearing at present. When our trade with the United Kingdom does not compensate us for our loss, why we are giving this high preference to the British goods cannot be understood. This protection is not in the interest of the treasury. You will see also that the protection does not deserve this differential treatment. I do not find any such differential treatment in the Tariff Board Report. When these expert bodies do not recommend such differential treatment between these countries Government action to give this preference to British goods is not in the interest of the country and is not liked by the people of India. And I really say that even that ten per cent which has been proposed by Dr. Ziauddin, that is, 35 per cent for the non-British

goods, is really high. But there is no amendment to that effect, and, as I thought that it would not be possible to carry any amendment in this far-end of the Session, I did not want to give notice of any amendment.

I want that Government should really consider this point,—how far this differential treatment is in the interests of this country. My Honourable friend, Sir Joseph Bhore, has always said that he keeps the interests of India first in his mind; and I want to know how far really this differential treatment is in the interests of India. If this differential treatment is in the interests of India, I have no objection even if this preferential treatment is raised from 50 to 75 per cent; but it is the duty of my Honourable friend to satisfy the House that it is in the interests of India before asking this House to pass the measure. If we, Non-Official Members cannot reject any measure, it does not mean that the people in the country like this measure. Government have not given a chance to the public to decide whether our action was in accordance with the desire of the people or not. So, whatever they want to pass through this House they can do it, but the people certainly do not like this high tariff at all, and I hope my Honourable friend will realise our difficulties and if possible, accept the amendment moved by my Honourable friend, Dr. Ziauddin Ahmad. Sir, I support the amendment.

**Mr. J. Ramsay Scott:** Sir I must oppose this amendment. This time last year the duty was 50 per cent. It was then increased in June to 75 per cent; and now, under the Indo-Japanese Agreement, it has been reduced to 50 per cent; and I think it is impossible for it to go any lower without doing a lot of harm to the industry.

**Dr. Ziauddin Ahmad:** Will you agree to raise the duty on British goods from 30 to 40 per cent if it is for the interests of the industry?

**Mr. J. Ramsay Scott:** No, Sir.

**Seth Haji Abdoola Haroon** (Sind: Muhammadan Rural). Sir, after hearing Dr. Ziauddin Ahmad and Mr. Maswood Ahmad, I am afraid I cannot support the amendment. In their opinion, if there is a reduction in duties, the consumer might get cheaper goods. I do not know how far they are correct; but, in my opinion, the Japanese have agreed and considered properly that with a fifty per cent duty they could easily compete with Indian or British goods. I think my friend misunderstood the figures of 25 per cent on British goods and 50 per cent on Japanese goods, and hence he thought that the Government or the House wanted to give British goods preference. In my opinion, that is not correct, because, if you reduce the duty from 50 to 35 per cent, the Japanese will be able to sell easily in India their fixed quota: not only that, but they may even try to sell at a higher price. If we agree to 35 per cent, we will be giving a purse to the Japanese. Therefore, I oppose the amendment.

**The Honourable Sir Joseph Bhore:** Sir, I think my Honourable friend, Dr. Ziauddin Ahmad, is so much obsessed by what he calls the degree of preference to British goods that he ignores the consideration whether the rate of duty which he proposes is sufficient to afford adequate protection to the industry. The first question really is whether, so far as British

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goods are concerned, 25 per cent is or is not a sufficient measure of protection. Into that question we have gone at some considerable length during the first stage of the debate on this measure, and I need not repeat what I said on that occasion. The fact remains that a very important section of the industry considers at the present moment that 25 per cent is quite sufficient. In fact, my feeling is that almost the entire industry holds that view. Then, so far as 50 per cent on non-British goods is concerned, I have to point out that, as quite rightly mentioned by Mr. Ramsay Scott, the duty on Japanese goods stood at 75 per cent, and that, as a result of the imposition of a quota, we reduced that duty to 50 per cent; but I should be personally extremely chary of going below 50 per cent unless we could assess with greater exactness the actual result of the fixing of the quota. It may be that the fixing of the quota will remove any incentive the Japanese may have to sell at unnecessarily low rates. At the same time, this 50 per cent ensures that they will not sell at uneconomic rates, rates with which the local industry could not compete; because, although their quota may be fixed, the mere selling of their goods at uneconomic rates in this country would depress the industry here and to that extent our protection would fail in its object. The onus rests upon my Honourable friend to prove that 25 per cent is a sufficient measure of protection on goods other than British goods, and he has not so far been able to discharge it. All that he has done is to come to the conclusion that since the duty on British goods is 25 per cent and since ten per cent is given in respect of other articles as a preference — therefore, 35 should be the duty on non-British goods. That is not a necessary corollary, and I oppose the amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

“That in the Schedule to the Bill, in Amendment No. 9, in the fourth column the proposed Item No. 158C (i) (b) for the figures ‘50’ the figures ‘35’ be substituted.”

The motion was negatived.

**Mr. A. H. Ghuznavi**: Sir, I move:

“That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158C (i) (b) the words and figures ‘or 5½ annas per pound, whichever is higher’ be omitted.”

This is with regard to cotton fabrics not otherwise specified—grey piece goods, not of British manufacture. Here, in the Bill, it is put—*ad valorem* 50 per cent or 5½ annas per pound, whichever is higher. Just now, we have heard from my friend, Mr. Ramsay Scott, that 50 per cent *ad valorem* is sufficient protection so far as this is concerned. My motion is that let this 50 per cent be there, but not the 5½ annas per pound whichever is higher. 5½ annas per pound must be higher.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved:

“That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158C (i) (b), the words and figures ‘or 5½ annas per pound, whichever is higher’ be omitted.”

**The Honourable Sir Joseph Bhoré:** Sir, I oppose the amendment for the reasons which I have already given, namely, that this duty is a duty which has been in existence for some considerable time, and my friend has failed to establish his case, because he has not shown that the removal of this specific duty will still enable the industry to meet competition from abroad. I oppose the motion.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158C (i) (b), the words and figures 'or 5½ annas per pound, whichever is higher' be omitted."

The motion was negatived.

**Dr. Ziauddin Ahmad:** Sir, I beg to move:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158C, (ii) (b), for the figures '50' the figures '35' be substituted."

Sir, I make this motion in this form to raise my point, as I could not directly move the other amendment about raising the duty on goods of British manufacture without the permission of the Governor General in Council. In this item 158C, it is provided that cotton piecegoods and fabrics not otherwise specified, that for British manufacture, the duty would be 25 per cent, and on goods, not of British manufacture, the duty would be 50 per cent, and my intention is that this preference of 25 per cent should be reduced to a preference of ten per cent. This can be done in two ways, either by raising 25 per cent to 40 per cent, or by lowering 50 per cent to 35 per cent. Since I am not allowed to take the first alternative, I choose the second one in order to draw the attention of the House to the principles which I now raise. I said very clearly last time, and I should like to emphasise it at every conceivable opportunity, that we have not been treating the other countries other than Japan fairly. We keep Japan always in our mind and fix the duties and preferences accordingly. This may be a just preference as far as Japan is concerned, but certainly this preference of 25 per cent is anything but just so far as the other countries are concerned.

With regard to other countries, we are already giving the United Kingdom a preference of 35 per cent on account of the difference in exchange, and then an additional preference of 25 per cent will give an extraordinary preference of 60 per cent to British goods compared to Italy, Germany, France, Switzerland and Belgium. No doubt, some preference should be given, but it should be a reasonable preference, and not a preference which may ultimately need to cutting off our trade relations with those countries, and if we keep in mind that Japan has got a depreciated currency, we should also keep in mind that the other countries have got an appreciated currency, and we are already giving them a discount of 35 per cent on account of the appreciation in the value of their currency compared with the sterling rate. This is a point which I should like to emphasise in season and out of season, and whenever I get an opportunity, that we are proceeding in a very wrong direction. We are placing

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together all the countries in one group. We ought to differentiate between the countries which have got an appreciated currency and the countries which have got a depreciated currency. I quite admit that 25 per cent preference is certainly not high for British goods compared with Japan, but it is certainly very high compared to goods imported from Italy, Germany, France, and Switzerland. But, unfortunately, we cannot make a law here by which we can differentiate on account of a clause which we devised some years ago, and now the time has come for us to revise that clause; and it is the so-called "most-favoured-nation" clause.

Now, I do not go behind the Tariff Board Report, and the 50 per cent preference may not be high enough for this purpose, perhaps a higher protection may be needed for these textile manufactures, as was urged the other day. I don't question it, but what I do question is that the preference which we have given to British goods compared to Japan ought to be revised when we begin to compare the other European countries. That is the point which I should like to emphasise.

As regards the protection to our mill industry, I quite admit that they are in a difficult position, and we cannot leave them alone in the interests of India and tell them that they should find their own solution. We should help them to get out of their present difficulties and give them the necessary protection, but it should be clearly pointed out, that protection would be for a fixed period and it could not be extended indefinitely time after time. You cannot give them protection first for five years, and then again for five years, and then again for another five years. We should definitely, as we have done in the case of the sugar industry, give them protection for a specified period, and tell them that we would give them one more extension and, within that time, they must themselves set their house in order, as this protection must come to an end. It was repeatedly pointed out on the floor of the House that the protection given to them is a loan by the consumers to the capitalists, and that they will pay back the advance given to them. That is really the whole object of protection, but if this protection is intended as a free gift, then I do not see any reason for protection, because the consumers are not going to give them a free gift. If we are giving them a kind of loan, then we have a right to expect back that loan after some time . . . .

**An Honourable Member:** With or without interest?

**Dr. Ziauddin Ahmad:** My friend asks, whether with or without interest? I say that when the time comes for payment, we will discuss the question of interest. At present our capital is at stake.

**An Honourable Member:** It must be put down as a bad debt.

**Dr. Ziauddin Ahmad:** I for my part am not prepared to put it down as a bad debt, and I think, when the time comes we will have to take it back. As I said, we must give them protection, but it need not be a very high protection against Italian, German or French goods, because, in this case, we are putting a duty of 85 per cent, 85 per cent on account of appreciated currency and 50 per cent here. Therefore, this 85 per cent duty is not at all desirable, and, therefore, we should agree to give them

protection for a limited period requesting them to put their own house in order, and Government should also give them at the same time every help to put their house in order. Lastly, we must differentiate between countries which have an appreciated currency and those which have a depreciated currency. That is all I have to say.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158C (u) (b), for the figures '50' the figures '35' be substituted."

**Mr. M. Maswood Ahmad:** Sir, I rise to support the amendment moved by my friend, Dr. Ziauddin Ahmad, on the same grounds as I stated before, and I don't like to repeat them. But one matter I want to know in this connection, and it is this. I do not think that the Government are consistent in their policy. In item 158C(a), for grey piece-goods, they have proposed 25 per cent. or  $5\frac{1}{4}$  annas per pound, whichever is higher, for British manufacture, and for non-British manufacture they have proposed 50 per cent. or  $5\frac{1}{4}$  annas per pound, whichever is higher, and this amount they have fixed according to the recommendations of the Tariff Board. But, the Tariff Board have also recommended certain specific duties on other kinds of cloths, such as 25 per cent. and 50 per cent. only. But in the Bill there is no mention of those specific duties. I think that Government are not consistent in their policy in this measure. I hope my Honourable friend will explain the Government position in omitting this specific duty in this connection, and what is Government's policy in this matter, whether they want or do not want to have any specific duty on goods other than grey piecegoods. Though I am opposed to any specific duty, but when this specific duty has been thrown on us, the Government must be consistent in these matters.

**Mr. B. V. Jadhav:** I rise to support the amendment. Clothing is one of the necessities of life, and, therefore, it ought to be made available to the subjects at as cheap a rate as possible. But, on account of very unfair competition from foreign manufacturers, we have to sanction this scheme of protection.

Japan certainly mobilised all her forces, and set her house in order, and thus she has been able to manufacture cotton goods much more cheaply, but she has also depreciated her currency, and, therefore, her position in exports has become much stronger. Other nations also, such as Italy and Germany, want to have a hand in the cotton piecegoods trade of India, and they are also invading the market. Our indigenous industry must be protected, and, therefore, I whole-heartedly support the scheme. But, then, I want to raise a voice of protest. When our millowners put their house in order and reduce their costs and when they will be making a decent profit, the import duty on cloth ought to be reduced and equilibrium ought not to be brought about by levying an excise duty. The present policy of the Finance Member is that of raising as much revenue as possible, and, for that purpose, excise duties on essentials of life and even articles of food are being raised. Such a policy should not be followed in the case of clothing, and, therefore, I raise this voice of warning. I hope that the successor of the Honourable the Finance Member will abstain from levying



[Mr. B. V. Jadhav.]

an excise on cotton goods, and whenever Government find that the high protection wall is not necessary, then, in the interests of the consumer, that wall ought to be lowered and ultimately levelled to the ground. I heartily support this amendment.

**The Honourable Sir Joseph Bhoré:** I can assure my Honourable friend, Mr. Maswood Ahmad, that the Government are perfectly consistent in this matter. All that they are doing is to continue the present rate of duty. I can assure him that on goods, other than grey goods, there has not been a specific duty. The only question is as regards 25 per cent. and 50 per cent. So far as these two rates are concerned, I have already attempted to explain the position in reply to the previous amendment of my Honourable friend, Dr. Ziauddin Ahmad. I would, however, like to refer to one point that the latter has made. We are fully conscious of the difficulties resulting from the application of "most-favoured-nation" treatment to Japan. We were always conscious of the difficulties that would result from the application of that clause in the case of Japan and we endeavoured to the best of our ability in the negotiations with that country to see if we could in some way modify this clause which appeared in the old Convention. But I pointed out to the House on a previous occasion that if we had insisted upon the elimination of this clause, we should today have been without a treaty with Japan. We had, therefore, to choose between these two alternatives, and we chose what I consider to have been the only alternative which was feasible. I oppose the amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is.

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158C (i) (b), for the figures '50' the figures '35' be substituted."

The motion was negatived.

**Dr. Ziauddin Ahmad:** Sir, I beg to move.

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158D (b), for the figures '50' the figures '40', and for the figure and word '4 annas' the figure and word '3 annas' be substituted."

158D deals with fabrics not otherwise specified containing more than 90 per cent. of artificial silk. They have put down this duty on the supposition that artificial silk is silk, while I maintain that artificial silk is not silk. It should be called by some other name. I myself suggested one word, but I withdraw mine in preference to the French word "rayon" which is used for this artificial silk. We are landing ourselves in enormous difficulties by calling this commodity by a false name. If we call it by any other name, we shall be on the right track. People call an ordinary thing by a wrong name and treat it accordingly. Really common people are actually misled by this term "artificial silk". They cannot distinguish between real silk and artificial silk. The latter is cheap, but it does not last long. They are trapped very often by the name of silk. Only few people, who know the chemical composition of this thing, are warned and they are on the right track, but the common people are always trapped

and they purchase the artificial silk thinking it to be silk. We will probably be in the right direction if we pass a motion in this House or a small Bill to the effect that this phrase "artificial silk" should disappear from the Tariff Board's Report and it should be replaced by the word "rayon".

**Mr. K. C. Neogy:** How will a reduction of duty help your object?

**Dr. Ziauddin Ahmad:** I say that we have fallen into this trap by calling this particular commodity by a wrong name, and, in order to get to the right direction, I suggest that the Government may be pleased to move a small Bill to the effect that this phrase "artificial silk" appearing in all the Acts and the Reports of the Tariff Board, etc., should be removed and the word "rayon" substituted for it. Then, I am sure, the House will not make any mistake, people will not purchase under false pretences thus artificial silk. The Tariff Board dealt with this artificial silk. Had it been real silk, there would not have been any report and there would have been no justification for the whole of paragraph 194. I shall just quote one or two sentences from page 185.

**An Honourable Member:** Read the whole paragraph.

**Dr. Ziauddin Ahmad:** I do not want to do it, because Sir Cowasji Jehangir is anxious to move his amendment before 6 P.M.:

"Piecegoods composed partly of artificial silk also compete severely with cotton goods."

Later on, the Tariff Board say:

"We propose that the rate of duty applicable to artificial silk fabrics should be applied to mixtures of cotton and waste silk, except where the proportion of waste silk is not more than 15 per cent. of the total weight. In such cases the duty will be levied at the rate applicable to coloured cotton piecegoods."

Therefore, my submission is that the rate of duty on artificial piecegoods should be the same as we decided for ordinary cotton piecegoods of the same quality, because this thing is not really competing with silk, but it is competing with all the cotton manufactures in this country, and this is really the intention of my motion. With these words, I move my motion.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158D (b), for the figures '50' the figures '40', and for the figure and word '4 annas' the figure and word '3 annas' be substituted."

**The Honourable Sir Joseph Bore:** My Honourable friend, as far as I could hear him, said not a word in support of the motion for the reduction of the figures "50" to "40" and for the reduction of "four annas" to "three annas". I can promise him that if he can convert the world in respect of the term "artificial silk", we shall certainly adopt his suggestion, but, until he does so, I am afraid, we must adhere to the present name. I oppose the motion.

**Dr. Ziauddin Ahmad:** My object was not to put this or that figure, but to put silk goods under the category of cotton goods. That is really my intention.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The question is:

"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158D (b), for the figures '50' the figures '40', and for the figure and word '4 annas' the figure and word '3 annas' be substituted."

The motion was negatived.

**Sir Cowasji Jehangir:** Sir, I move:

"That in the Schedule to the Bill, in Amendment No. 9, for the proposed Item No. 158E., the following be substituted:

' 158E. Fabrics not otherwise specified containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—			
(i) Pongee . . . . .	<i>Ad valorem</i>	50 per cent. <i>plus</i> one rupee per pound.	
(ii) Fuji, Boseki and corded (excluding white cord).	<i>Ad valorem</i>	50 per cent. <i>plus</i> one rupee and eight annas per pound.	
(iii) Other sorts . . . . .	<i>Ad valorem</i>	50 per cent. <i>plus</i> two rupees per pound."	

**Mr. B. Das:** On a point of information, Sir. I would like to know if Mr. Thampan's amendment is in order. If it is, then I would like to speak on Mr. Thampan's amendment and not the present amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): The Chair would ask the Honourable Member to wait till Sir Cowasji Jehangir has finished his speech.

**Sir Cowasji Jehangir:** The House will recollect that in the Bill as sent to Select Committee, under this head, silk was divided into three classes. I am not going to weary the House by reading the names of the classes. Suffice it to say that for class 1, the duty proposed was Rs. 3 per pound, for class 2, the duty proposed was Rs. 5-12-0 per pound and for class 3 the duty was Rs. 8. From the wording of the Select Committee's Report, I came to the conclusion that they had no intention of raising these duties. They found that on a certain class of goods, imported from China, from Canton to be precise, the duties provided in the Bill had risen considerably, due to the classification I have mentioned. They tried to rectify that error by suggesting only one class in their Select Committee's Report, and the duties they suggested was 50 per cent. *plus* Rs. 2 per pound. The result of that recommendation turned out to be as follows: For the class called Boseki, Fuji, corded, excluding white cord, the duty in the Bill worked out at 66.6 per cent, while it jumped up to 94.4 per cent by the Select Committee's recommendation. Then, we will take the other class which I have mentioned in my amendment—Pongee. That was not included in any particular class in the Bill, but it fell within "all others", for which a duty of Rs. 8 per pound is provided in the Bill.

According to the Bill, the duty on that sort of silk worked out at 320 per cent. It was reduced by the Select Committee's Report to 130 per cent. According to my amendment, the duty on the class called Boseki, Fuji, excluding white cord, will come down to an average of about 84 per cent, while, in the Pongee class, the duty will come down to 90 per cent which I consider to be fair. I suggest no changes in any other class. I accept the Select Committee's Report, namely; 50 per cent *plus* Rs. 2 per pound for all other sorts. By passing this amendment, Government will be doing justice to the importers of silk as the Select Committee, I understand, had no intention of raising the duties. I have tabulated all the figures, and, if any Honourable Member is not satisfied, I will say a few words more, but I do not think it is really necessary. I think I have made my point as clear as I possibly can. The point in short is, the Select Committee's Report raised the duty on one class of silk from 66 to 94 per cent and on another class of silk the Report reduced it from 320 per cent to 130 per cent. According to my amendment, the duty on the first class will be about 84 per cent, and, on the other, it will be 90 per cent. Sir, I move my amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Amendment moved.

"That in the Schedule to the Bill, in Amendment No. 9, for the proposed Item No. 158E., the following be substituted :

158E.	Fabrics not otherwise specified containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—		
	(i) Pongee . . . . .	<i>Ad valorem</i>	50 per cent. <i>plus</i> one rupee per pound.
	(ii) Fuji, Boseki and corded (excluding white cord).	<i>Ad valorem</i>	50 per cent. <i>plus</i> one rupee and eight annas per pound.
	(iii) Other sorts . . . . .	<i>Ad valorem</i>	50 per cent <i>plus</i> two rupees per pound."

**Mr. B. Das:** Sir, I wish to inquire whether Mr. Thampan's amendment\* is in order and whether it will be moved simultaneously or separately. If Mr. Thampan's amendment is moved, then I would like to speak on Mr. Thampan's amendment and not on the present amendment.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Sir Cowasji Jehangir's amendment substitutes an entire scheme, and, therefore, it has priority on the order paper, but I am told that the net result of Mr. Thampan's amendment will be to increase the burden.

**Mr. K. P. Thampan:** Not necessarily.

**The Honourable Sir Joseph Bore:** It would result in an increase in the case of certain classes. I do not know what the result would be on the whole, but definitely on certain classes it would result in an increase.

\*"That in the Schedule to the Bill, in Amendment No. 9, in the fourth column of the proposed Item No. 158E, for the figures and words '50 per cent. *plus* two rupees' the figures and words '83 per cent' be substituted."

**Mr. K. P. Thampan:** On certain other classes it will be definitely less

**Sir Cowasji Jehangir:** If Mr. Thampan moves his amendment, I can give figures.

**Mr. President** (The Honourable Sir Shanmukham Chetty): Unless it is clearly established that the net result of Mr. Thampan's amendment will be to increase the burden on all the items comprised in 185E, the Chair will allow Mr. Thampan to move it—the Chair will give him the benefit of the doubt.

**Mr. K. P. Thampan:** If this amendment is disposed of, Sir, mine will be out of order.

**Mr. President** (The Honourable Sir Shanmukham Chetty): In any case, even if the Honourable Member moves his amendment now, Sir Cowasji Jehangir's amendment will be first put to the vote. If it is accepted, then Mr. Thampan's amendment goes out.

**Mr. K. P. Thampan:** If I am allowed to move my amendment, Sir, I shall do so now; and the amendment which is less in effect may be put to the vote first, and the other put afterwards.

**Dr. Ziauddin Ahmad:** May I suggest that it will help other people if you allow us to hear my Honourable friend's arguments and if you will allow him to develop his arguments on the other side

**Mr. President** (The Honourable Sir Shanmukham Chetty): Technically, you cannot have two amendments moved at the same time. What the Honourable Member must do now is this. He can speak on Sir Cowasji Jehangir's amendment and then explain his own amendment. That will be the best position. Unless Sir Cowasji Jehangir withdraws his amendment, the Chair is bound to put it to the vote first

**Sir Cowasji Jehangir:** Mr. President, there are three classes of silk mentioned in the Bill. If it could be shown that Mr. Thampan's amendment raises the duty on any one of those three classes, will you rule it in order or out of order,—because it raises the duty on all classes except two?

**Mr. President** (The Honourable Sir Shanmukham Chetty): There are a number of classes comprised in Item 158E. Now, the effect of Mr. Thampan's amendment may be to increase the duty with regard to certain classes and to reduce it with regard to other classes of silk. But unless it is shown to the Chair that the net result of Mr. Thampan's amendment will be an increase in the whole category taken together, then he will be in order. The Chair thinks the Government are not prepared to make their statement so categorically?

**The Honourable Sir Joseph Bhoré:** No, Sir

**Mr. President** (The Honourable Sir Shanmukham Chetty): We shall think over this matter. The House will now adjourn till Saturday morning at 11 o'clock.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 14th April, 1934.

